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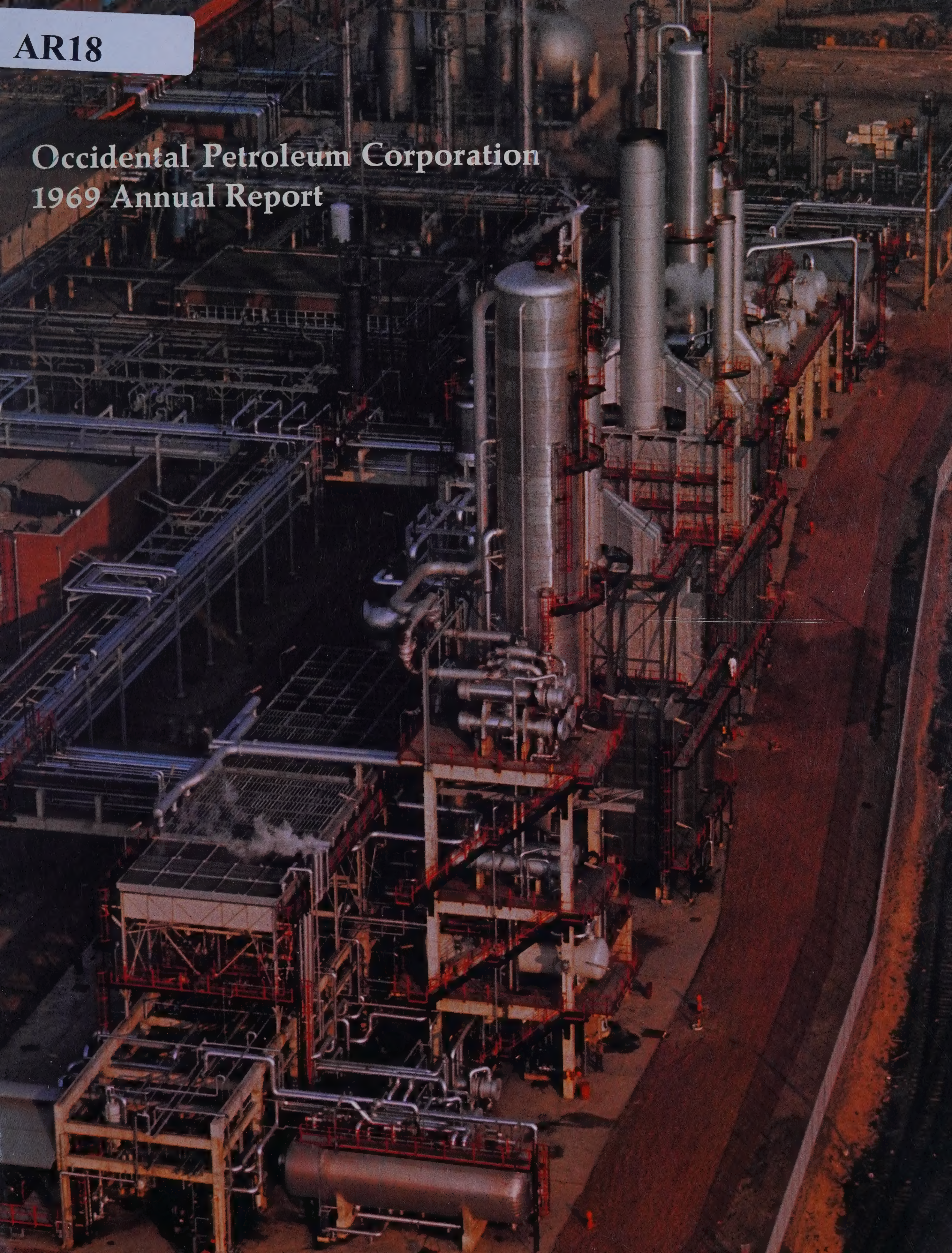
Occidental Petroleum Corporation
1969 Annual Report



Occidental Petroleum Corporation

The new combination crude oil distillation and reforming process units shown on our cover were constructed in 1969 as part of a vast expansion program that has increased the total capacity of Occidental Petroleum Corporation's RBP refinery in Antwerp, Belgium, from 45,000 to 85,000 barrels per day. Further expansion work is increasing capacity to 100,000 barrels a day

1969 Annual Report

© Occidental Petroleum Corporation 1970

Heart of new sea water desalination plant, built by Occidental in Libya, is this flash evaporation unit seen during construction phase.

Financial Highlights

	1969	1968	1967
Net sales and other revenues	$2,059,098,000	$1,806,792,000	$1,173,284,000
Cash flow	$ 244,268,000	$ 218,010,000	$ 119,350,000
Net income	$ 174,835,000	$ 134,138,000	$ 68,257,000
Preferred stock dividend requirements[1]	$ 23,351,000	$ 27,092,000	$ 26,668,000
Net income applicable to common shares	$ 151,484,000	$ 107,046,000	$ 41,589,000
Net income per common share[2]	$ 3.00	$ 2.32	$ 1.03
Total assets at year end	$2,213,506,000	$1,788,245,000	$1,142,647,000
Additions to property, plant and equipment, net	$ 339,217,000	$ 242,820,000	$ 158,282,000
Stockholders' equity	$ 859,847,000	$ 757,851,000	$ 613,402,000
Dividends paid per common share			
Cash[3]	$ .90	$ .36⅔	$ .26⅔
Stock	1%	2%	3%
Average number of common shares outstanding during year[2]	50,448,000	46,197,000	40,525,000
Number of common shareholders at year end	255,000	157,000	87,000
Number of preferred shareholders ($4.00, $3.60, $2.16) at year end	46,000	49,000	—
Number of employees	27,500	22,000	11,500

[1]Pro forma for 1967 and 1968.

[2]Based on average number of shares outstanding after giving retroactive effect to a one per cent stock dividend issued in February, 1969.

[3]Current common share dividend rate is 25 cents per quarter.


Mawag-Bitum
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Tank cars line up at company's Mawag refinery in West Germany to load asphalt for shipment to customers in Europe

Corporate Highlights

Profits and Revenues Break All Previous Records

Net earnings for 1969 reach $174,835,000, up 30 per cent above 1968's $134,138,000. Revenues pass two billion dollar mark for first time, rising 14 per cent to $2,059,098,000 over $1,806,792,000. Earnings per share increase 29 per cent to $3.00 from $2.32.

Operating Revenues from Domestic Divisions

Combined operating revenues from domestic subsidiaries and divisions — oil and gas, Hooker Chemical, domestic crude oil marketing (Permian), Island Creek Coal, fertilizers, sulphur and real estate — total approximately $1.4 billion, or 67 per cent of total operating revenues.

Cash Dividends Raised 145 Per Cent Above 1968 Payments

Quarterly cash dividend, which had been doubled with January, 1969 payment, raised again by 25 per cent with July, 1969 payment for sixth increase in five years. Present cash dividend rate of 25 cents per quarter represents 275 per cent increase over January, 1968 rate of 6⅔ cents per quarter (adjusted for 3-for-1 stock split).

Substantial Increase In Capital Expenditures and Corporate Assets

Record net capital expenditures in 1969 for new property, plants and equipment total $339 million, up 40 per cent above $243 million in prior year. Corporate assets aggregate $2.2 billion in book value at year-end 1969 topping 1968 total by 24 per cent.

Occidental's Financial Position Exceptionally Strong

Cash flow for 1969 sets record of $244 million. Cash at year-end totals $278 million. Highly-centralized money management system in United States and Europe maximizes returns from cash balances and investments.

Libyan Crude Oil Production Climbs 59 Per Cent

Crude oil production from Occidental's Libyan fields 59 per cent above 1968. Company wells produce 221,864,000 barrels in 1969 versus 139,579,000 the year before. Production averages 608,000 barrels per day in 1969, compared to 382,000 per day in 1968. Oil produced in Libya during January and February, 1970 averages 780,000 barrels per day.

Pressure Maintenance Systems in Concession 103 Achieve Outstanding Results

Massive water injection program in 103-A field and gas and water injection systems in 103-D field in Libya prove highly successful. Through these programs, recoverable reserves will be maximized and high producing rates maintained for longer periods of time.

Gas Liquids Recovery Plant Moves Toward Completion

New $60 million Occidental gas liquids recovery plant in Libya, designed to extract 68,000 barrels per day of natural gas liquids, well under way.

United States Oil and Gas Production Rates Show Solid Increase

Domestic oil production increases 33 per cent and natural gas production 37 per cent over 1968 rates as company's oil and gas exploration and production division finds new reserves.

Occidental Ventures Result in Seven New Oil and Gas Field Discoveries

Indian Creek field, Texas (oil); Cabeza Creek prospect, Texas (gas); Potash salt dome, Louisiana (gas); South Elk City, Oklahoma (gas); Midland prospect, Wyoming (oil), and two discoveries in South Okotoks area, Alberta, Canada (one oil, one gas).

Derrick shown drilling toward objective just prior to its recent discovery of new natural gas field at South Elk City in Oklahoma

Corporate Highlights *continued*

Oil Leases Acquired in Alaska State Lease Sale
Occidental awarded two tracts comprising 5,120 acres west of Prudhoe Bay field, with test drilling planned for 1970. This acreage is in addition to 38,000 acres previously acquired, which are now being evaluated.

Permian's Revenues and Profits Exceed 1968 Levels
Domestic crude oil marketing division increases gathering system and pipeline capacity and expands barge, truck and pipeline terminal facilities.

International Oil and Gas Division Activities Stepped Up With Offshore Drilling Under Way
Exploration drilling in progress in offshore Ghana and Jamaica. Starts soon on new Arabian Gulf concessions. Occidental actively seeking oil concessions in Venezuela, Trinidad, Nigeria and several other areas of Africa, Australia and Latin America.

Foreign Oil Refining and Marketing Division Posts New Gains
Major new Libyan crude contract with French-owned government oil company, ERAP. Capacity of Antwerp, Belgium, refinery increased. Proposed new refinery near London receives initial government approval.

Hooker Chemical Revenues and Earnings Reach Record Highs
1969 profits substantially above 1968. Burlington, New Jersey, man-made fabrics and plastics plant begins production in 1969. New plant facilities tripling PVC capacity now under construction. Hooker expands abroad through several strategic acquisitions.

First Hooker Consumer-Oriented Product Wins Immediate Acceptance
Rucaire, leatherlike "breathable" fabric, achieves immediate acceptance by leading furniture manufacturers. Other Rucaire applications, such as apparel, handbags, footwear and luggage, also proving successful.

Maust Coal and Coke Acquisition Pushes Coal Reserves Past Four Billion Tons
Maust, now designated Island Creek Coal Company's Hammer division, adds nine new mines and brings Island Creek into northern West Virginia and Pennsylvania for the first time.

New Sales and Production Records for Coal Division
Island Creek sales up 20 per cent to 31.5 million tons in 1969. Production increases 18 per cent to 30.5 million tons. New mines planned or under development adding 25 million tons of annual new production over next five years. Coal agreement with Nissho-Iwai Co., Ltd., to finance new $25 million mine.

Superphosphoric Acid Makes Substantial Gains
Productive capacity increased for revolutionary new Occidental-developed concentrated SPA phosphoric acid. Fertilizer product receives good market acceptance.

Construction Begins on Major Livestock Feed Supplement Plant
Fertilizer division to produce 100,000 tons-per-year of Pollyphos, Occidental's brand of defluorinated phosphate feed supplement for livestock, beginning late in 1970.

SAFCO Fertilizer Plant in Saudi Arabia Goes On Stream
This new 1,000 tons-per-day urea plant at Dammam completed and operating under Occidental's supervision.

Garrett Research Development Projects Show Progress
Searles Lake brine project to recover valuable saline minerals reaches final engineering stage. Coal research moves ahead.

To the Shareholders:

Dr. Armand Hammer, Chairman of the Board and Chief Executive Officer

Nineteen hundred sixty-nine marked the 50th year since Occidental Petroleum Corporation was organized, and its twelfth year under present management. Gross revenues for the first time exceeded two billion dollars, with consolidated net income well above 1968's previous record. Thus, your company has enjoyed 12 years of continuous growth in sales and profits and, throughout this report, we will discuss some of the many areas of Occidental's business we are counting on to carry this momentum forward into our next half-century.

Net income for the year ending December 31, 1969, was $174,835,000 compared with $134,138,000 for 1968, an increase of 30 per cent, while total operating revenues increased by 14 per cent from $1,806,792,000 in 1968 to $2,059,098,000 in 1969.

Per Share Earnings Increase 29 per cent

After deducting preferred dividends of $23,351,000 for 1969 and $27,092,000 for 1968, earnings available for common shares amounted to $151,484,000 and $107,046,000, respectively. Resultant earnings per common share were $3.00 per share in 1969 compared with $2.32 in 1968, an increase of 29 per cent on nine per cent more common shares outstanding.

On the basis of assumed full conversion of all outstanding preferred shares, the 1969 per share earnings would be $2.57 compared with $2.02 for 1968. Per share earnings are based on 50,448,000 average common shares outstanding in 1969 as against 46,197,000 in 1968. Average shares and earnings per share for 1968 are after adjustment for the one per cent stock dividend paid in 1969.

First Full Year of Income From Libya

These results speak for themselves, and your management is proud of the accomplishments of the past year. Your company had its first full year of income from Libyan oil production, which averaged 608,000 barrels per day compared with an average of 382,000 barrels per day in 1968. We are projecting still further increases in 1970 to a daily average of approximately 800,000 barrels.

The earnings of Hooker Chemical Corporation were the best in its history, with profits of approximately $50 million on revenues of $435 million. Most of our other principal operating divisions — oil and gas, The Permian Corporation and Island Creek Coal — also turned in impressive results.

The sulphur and fertilizer divisions were beset by problems relating to price and demand, and it is a tribute to their respective managements that the sulphur division maintained a modest profit with the

fertilizer division showing substantial improvement over its 1968 performance. While the combination of tight money and high interest adversely affected our homebuilding operations, the real estate division, as a whole, did surprisingly well, earning net profits in excess of $3.5 million.

Domestic Operating Revenues

For the year 1969, operating revenues from Occidental's domestic subsidiaries and divisions—Hooker Chemical, Island Creek Coal, Permian, domestic oil and gas production, fertilizers, sulphur and real estate — amounted to approximately $1.4 billion, or 67 per cent of total operating revenues.

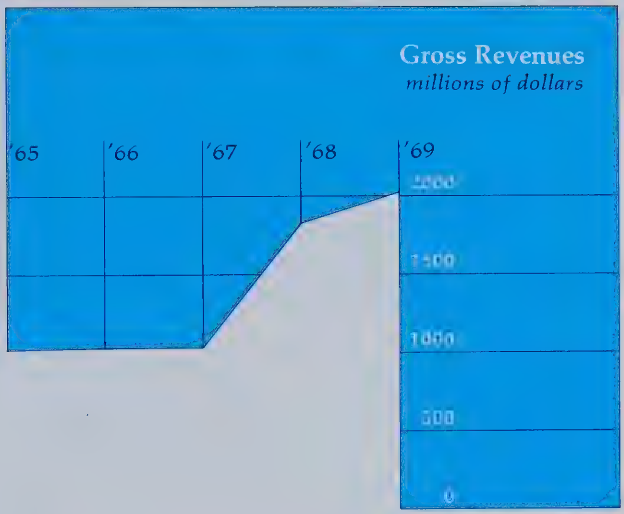
At this point, we wish to extend the company's appreciation and gratitude to its executives and staff in Libya, and to bring to the attention of our shareholders the loyalty and devotion which these employees have shown during the past year. We are pleased to report that your company has had no loss of production as a consequence of the change of governments in Libya.

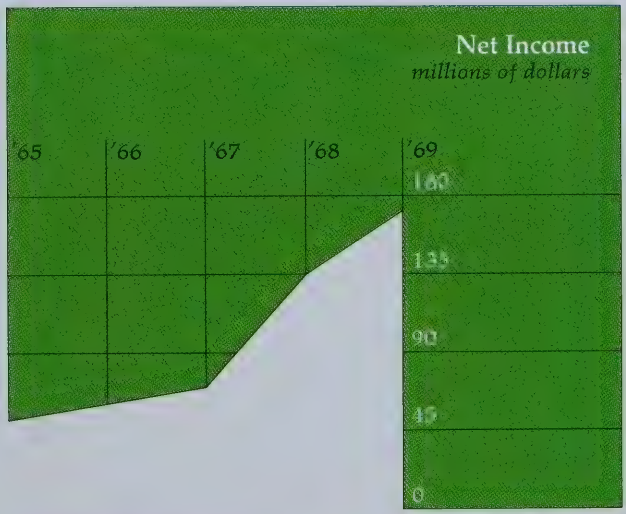
Principally because of the loss of shipments on account of weather, your company did not reach its predicted sales rate of 800,000 barrels per day until January, 1970. We would have achieved this rate in the last quarter of 1969 but for an unusually extended period of storms in the Mediterranean Sea which closed our Zueitina oil loading terminal a substantial part of the time, stopping production due to a lack of storage space after the company's tanks were full, halting the loading of tankers and reducing our fourth-quarter sales and earnings. Shipments in January, 1970 reached an average rate of 885,000 barrels per day compared with our daily average for December, 1969 of 517,000 barrels per day.

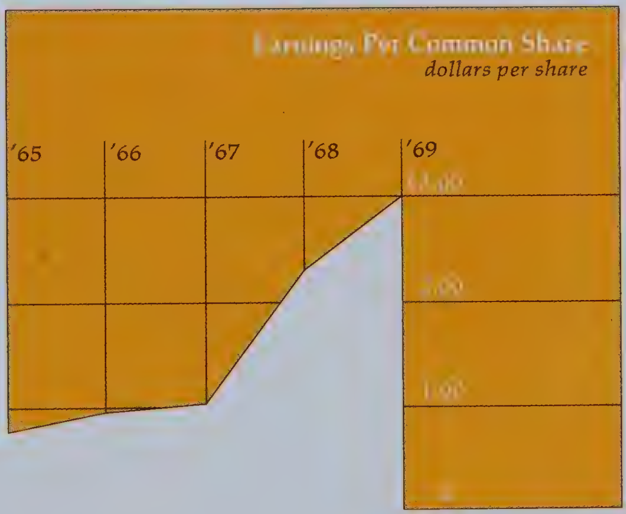
Cash Dividend Rate Increased

Occidental's quarterly cash dividend rate, which had been doubled to 20 cents per common share with the January, 1969 payment, was again increased by an additional 25 per cent commencing with the July, 1969 payment. This represents the sixth time over the past five years that your company has raised its cash dividend rate.

Cash dividends paid during 1969 totaled 90 cents per share, an increase of 145 per cent above the 36⅔ cents per share paid in 1968. The present cash dividend rate of 25 cents per quarter on the common shares represents a 275 per cent increase over our January, 1968 rate, after adjustment for the 3-for-1 stock split, of 6⅔ cents per share.







OIL AND GAS DIVISION

Increasing production and sales from Occidental's Libyan oil concessions and intensification of efforts to obtain production in other parts of the world constituted the main activities of your company's oil and gas division during 1969. Production of crude oil, natural gas liquids and natural gas hit all-time highs during the year.

Crude oil production from Libya increased 59 per cent from 139,579,000 barrels produced in 1968 to 221,864,000 barrels in 1969. Net domestic natural gas and oil production for 1969 showed increases of 37 per cent and 33 per cent, respectively, over 1968 production levels.

Developments in Libya

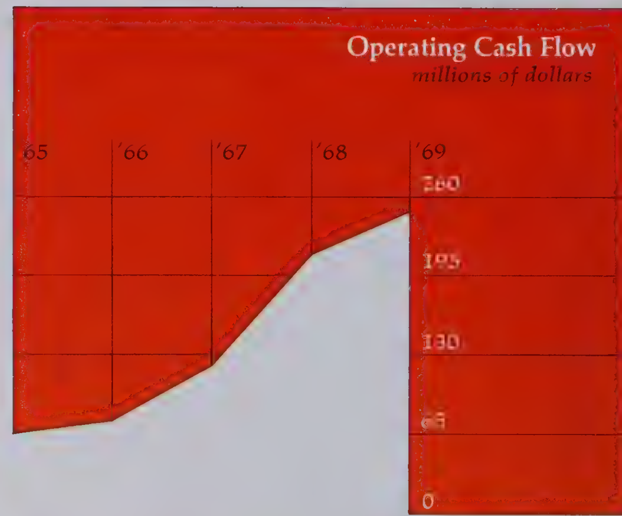
1969 was your company's fourth year as an operator and second year as a producer in Libya, the world's fourth-ranked oil exporting country. In this short span of time, Occidental has become the largest individual company producing in Libya with its crude sales of 218,696,000 barrels constituting one-fifth of Libya's total 1969 petroleum exports.

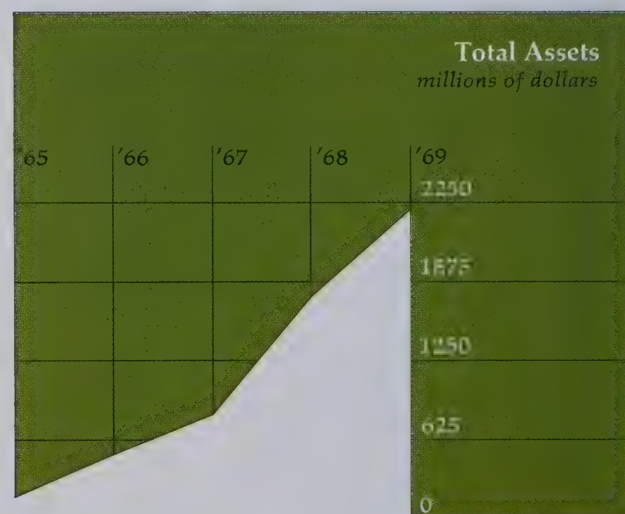
Producing rates increased from an average 382,000 barrels per day in 1968 to nearly 608,000 barrels per day in 1969. Production during January and February, 1970 averaged 780,000 barrels per day, indicating another record year in the making. This production was from 54 wells for an average daily rate of 14,400 barrels per well. In addition, your company compiled a broad list of other significant accomplishments in Libya this past year which will contribute to future revenues.

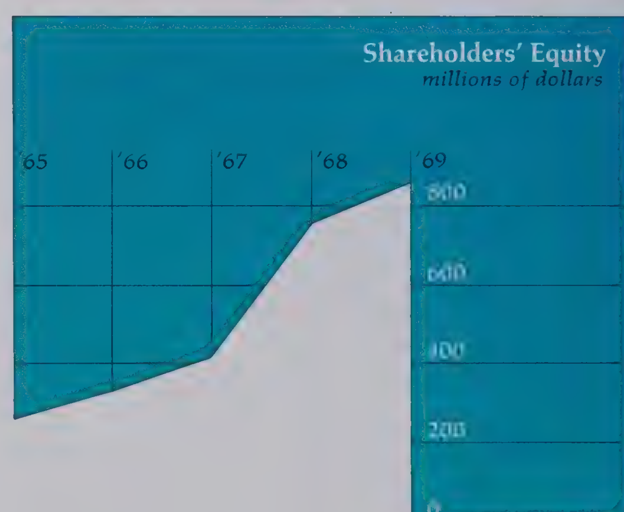
Water Injection Project Completed

Applying modern technology to reservoir management, Occidental has completed the largest water injection project in Libya to maintain pressure and maximize recovery in the prolific A and D reef fields in Concession 103. Gas conservation was also initiated in 1969 with the completion of the first of three compressor plants to reinject gas into the 103-D reservoir. These programs have achieved outstanding success.

In addition to maximizing recoverable reserves, your company's future revenues will benefit materially from the sale of gas liquids products. Occidental has a 68,000 barrel-per-day gas liquids plant under construction on Concession 103 to extract propane, butane and naphtha from our gas, prior to its reinjection. These products will be transported through a new 20-inch products pipeline to our Zueitina terminal, which is currently being built. Completion of the plant and pipeline is expected later this year.







Discovery by Occidental of water under Libyan desert opens former barren wasteland to crop and sheep farming. At top, company-trained agricultural workers move portable irrigation system

With these projects, Occidental has become the pioneer company in Libya to turn this vital resource, natural gas, into a profitable source of income for your company and the Libyan government while, at the same time, greatly prolonging our ability to produce oil at high rates.

Largest Drilling Operation in Libya

In the process of optimizing its existing production and searching for new reserves, Occidental conducted the largest drilling operation ever undertaken in Libya by employing a peak of 18 rigs in 1969 to drill 115 wells for a total footage drilled of 865,282 feet. In addition to developing the A and D fields on Concession 103 and the 103-C reservoir, which began producing in January, 1970, your company has also greatly expanded the productive capacity of its large Augila-Gialo reservoir in Concession 102. Toward year-end, two significant stepout wells were drilled in the Augila-Gialo field which extended the limits of the field, pointing to greater reserves than indicated by earlier estimates.

In other areas, Occidental completed construction of a sea water conversion plant for the coastal city of Agedabia. This plant is an industrial contribution on behalf of Occidental to the people of Libya, and will be owned and operated by the government. Your company's development of desert agriculture at the Kufra Oasis continued in 1969 with successful strides being made in all phases of crop management, irrigation, fertilization and pest control.

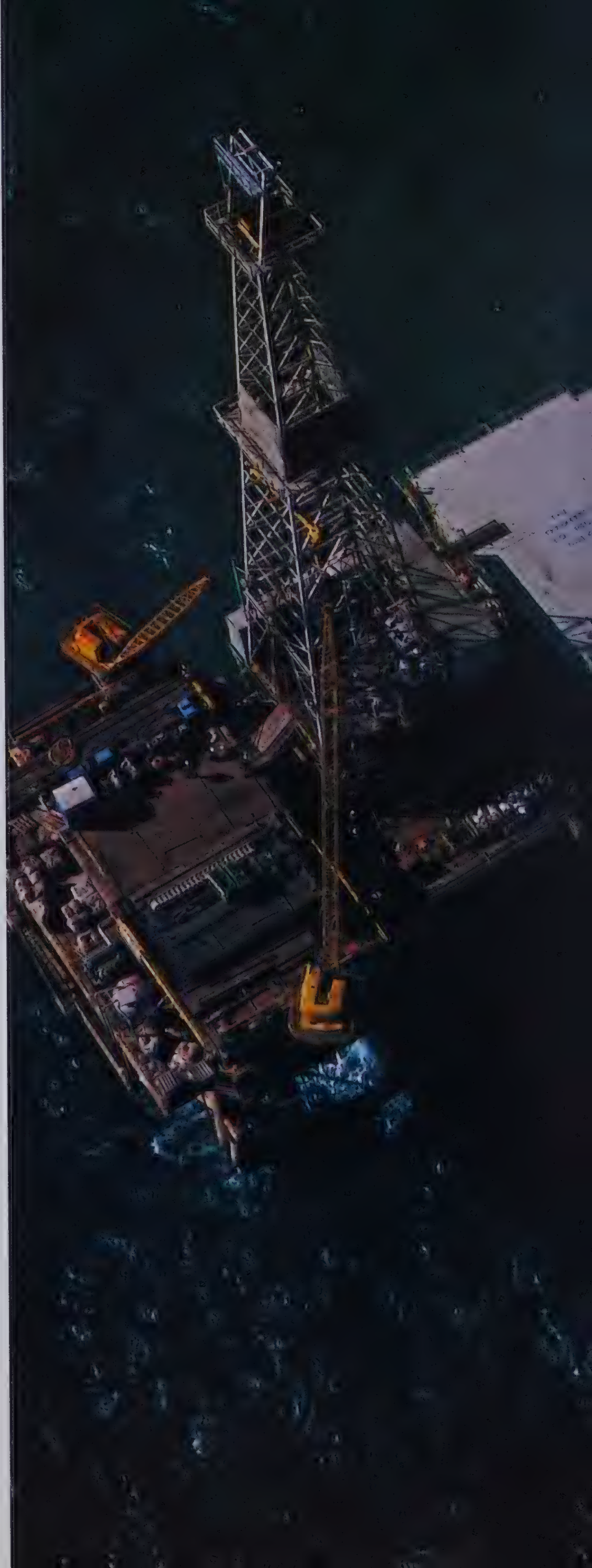
Sheep Farming Initiated

Sheep farming was initiated during the year to complement the commercial agriculture now established. Further, we are intensifying our existing programs of educational scholarships and technical training of Libyan citizens in keeping with national aims.

Through such socially-oriented projects as these, in addition to the direct income which Libya derives from royalties and taxes on oil which Occidental has discovered and developed, your company has done much in 1969 to strengthen its role as a major contributor to the economy of Libya.

Concession Agreements Honored

On September 1, 1969, the Libyan monarchy was deposed and succeeded by the Libyan Arab Republic led by Colonel Mu'ammar El-Qaddafi, Chairman of the



Occidental increases offshore exploration activities with drilling projects under way in Gulf Coast, Caribbean Sea and Gulf of Guinea

Revolutionary Command Council. Immediately after taking office, Colonel El-Qaddafi went to considerable lengths to reassure the foreign business community that existing concession agreements in Libya would be honored and that the country had no intention of nationalizing the petroleum industry. On the basis of our operations during recent months, we have every confidence that the new regime will continue to honor contractual arrangements of the past.

In January, 1970, the government of Libya and all exporters and potential exporters of Libyan crude oil commenced a dialogue on the question of whether or not posted prices of Libyan crude adequately reflect the value of such crude in the market place. Posted prices are artificial prices set up by the exporters on which royalty and surtaxes are calculated and paid to the government.

Companies Provide Economic Facts

All the companies producing in Libya, which include practically all the major oil companies of the world, are united in opposing any change in the posted prices and are providing to the Libyan government the economic facts to support their position that posted prices are, in fact, already too high.

During October, 1969, George M. Williamson, former general manager of the Hunt oil interests in Europe and Africa, joined your company as senior vice president of Occidental of Libya, Inc. (Oxylibya), with over-all responsibility for your company's affairs in Libya. He is well-known and respected in Libya, where he was in charge of the Nelson Bunker Hunt interests for many years.

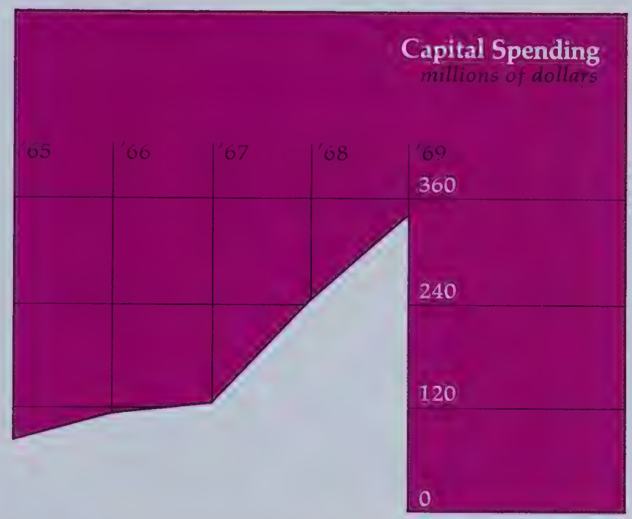
United States Oil and Gas Production

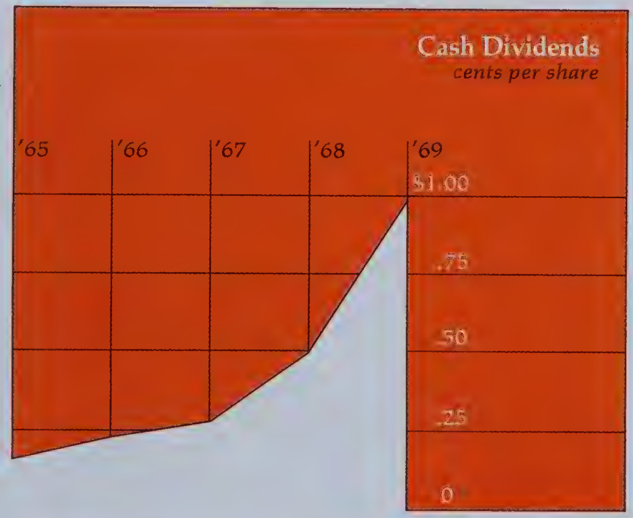
During 1969, Occidental participated in the drilling of 109 oil and gas wells (73 net wells) in the United States. Of these, 41 were completed as oil wells and 13 as gas wells. Exploratory efforts in the U.S. resulted in five new field discoveries in Texas, Louisiana, Wyoming and Oklahoma.

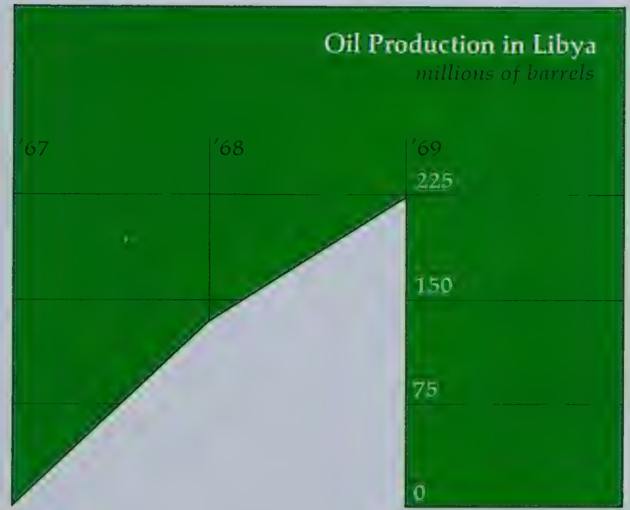
Texas Discoveries

Occidental's new Indian Creek oil field, discovered in January, 1969, is located between Houston and Corpus Christi and immediately adjoins our Carancahua Creek field on the east. Production is from lower Tex Miss sands at depths of from 9,500 to 9,700 feet, and most of the wells are multiple zone completions.

Occidental owns substantially all the working interest in 15 wells with 26 zonal completions in the Indian Creek field and 16 wells with 33 zonal completions in the Carancahua Creek field. Current average daily







production from these fields is approximately 6,000 barrels of oil and 9,000,000 cubic feet of gas.

In DeWitt County, your company recently participated in a deep well discovery on a 3,900-acre land block in which we hold a one-third interest. Development drilling will commence shortly.

Louisiana Onshore and Offshore

Occidental holds an approximately 31 per cent interest in a 2,000-acre drilling unit on the south side of the Potash salt dome, a 25 million barrel oil and gas field in Plaquemines Parish, Louisiana, and also holds an additional 2,700 acres for its own account. The initial well in this block discovered gas in one zone with several other potential zones still to be tested. An active development program is planned.

In Louisiana offshore, development drilling is nearing completion on the Independent Offshore Venture (IOV) Group Ship Shoal Block 222 field, in which Occidental owns 14.25 per cent of the interest. Production from our 15-well platform is scheduled to commence during the latter part of 1970.

In another offshore venture your company, in partnership with three other companies, was the successful bidder on Block 103 at the Louisiana state lease sale in December, 1969. Occidental owns a 25 per cent interest in this venture, and drilling operations are scheduled to begin on the 5,000-acre block in the spring of 1970.

Rocky Mountain Area

Our Rocky Mountain division is making production tests of its new discovery well on its Midland oil prospect in the Powder River Basin of Wyoming. The oil is 37° gravity from the Upper Cretaceous Dakota sand at approximately 6,300 feet. Occidental owns 100 per cent of the working interest in the 5,000-acre block.

Los Angeles Basin

Development of Occidental's two principal fields in the Los Angeles Basin has continued with completions now totaling 26 wells in our East Beverly Hills field and 12 wells at Sawtelle. Current daily production from both fields is averaging 14,100 barrels of oil and 32,500,000 cubic feet of gas.

At year's end, Occidental's first water injection well was drilling at East Beverly Hills. This operation, to initiate secondary oil recovery by water flooding, should beneficially maintain reservoir pressure and increase ultimate recoveries.

Oklahoma Gas Discovery

On November 1, 1969, Occidental completed a new gas field discovery well at South Elk City, located on the west side of the Anadarko Basin. Production is from thick Pennsylvanian "granite-wash" sands between 12,147 feet and 12,333 feet. A favorable gas contract has been signed and the well will begin producing at capacity rates early in the second quarter of 1970. Occidental owns 100 per cent of the interest in the discovery well and 640 surrounding acres, and controls 50 per cent of the interest in the surrounding 28,000-acre land block.

Contented cattle graze around one of many producing gas wells on Occidental's Lathrop Field in northern California, second largest gas field in the state

Alaska Bidding Successful

Occidental and its partners were successful bidders on two tracts totaling 5,120 acres in the Alaska state lease sale held on September 10, 1969. These leases, in which your company holds 55 per cent of the interest, are located about ten miles from the coast, adjacent to the "Naval Petroleum Reserve" 4 and west of the Prudhoe Bay oil field.

View in well cellar of drill site on West Pico Boulevard in Los Angeles as operator makes routine check of producing oil and gas wells

Pending successful completion of negotiations for a program to evaluate our lands jointly with those held by neighboring operators, we anticipate that test drilling will begin in 1970. Your company owns 38,000 acres in the North Slope federal area acquired in 1968. During 1969, in the vicinity of our leases, another company drilled an exploratory well to a depth of 16,613 feet which it abandoned after testing. Occidental's geological staff is currently studying results of this well, along with some newly-acquired data, to determine its future course of action on this prospect.

Occidental in Canada

Occidental holds an important position in the Canadian petroleum industry through its 55 per cent ownership in Jefferson Lake Petrochemicals of Canada Ltd. (Petrochem) and its exploratory joint venture with that company. Petrochem is the field operator of the Calgary-Crossfield gas field in Alberta and it operates three gas processing plants in western Canada, one of which, the Petrogas plant at Calgary, is the largest sour gas plant currently operating in Canada.

In 1969, Petrochem's net share of gas production reached a record high of 17.6 billion cubic feet for an average of 48.2 million cubic feet per day with approximately 1,100 barrels of gas liquids per day. Net sulphur production of about 740 tons per day was two per cent below the 1968 rate.

During the year, Petrochem acquired producing properties in west-central Saskatchewan, purchasing a substantial equity in the North Hoosier Bakken Sand Pool which produces heavy gravity crude oil from 23 wells. This adds approximately 3.54 million barrels to Petrochem's oil reserves.

Land Position Expanded

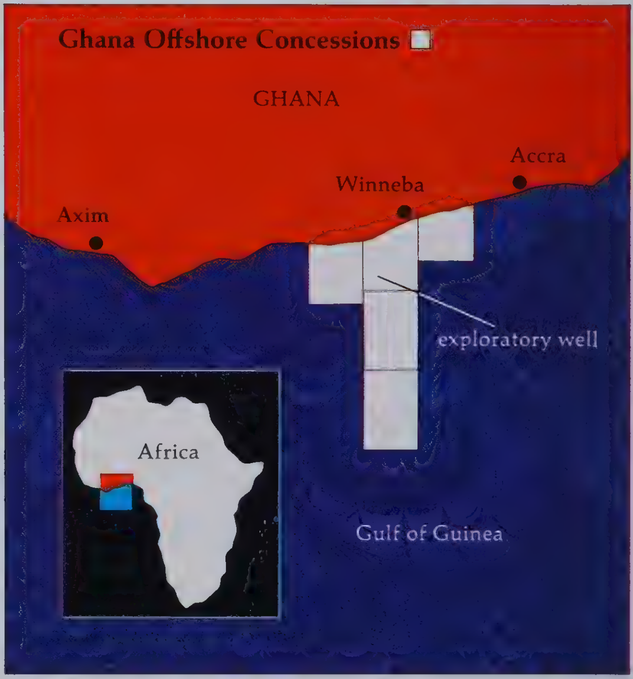
The land position of the Occidental-Petrochem joint venture was expanded to a total of approximately 8,500,000 gross acres compared to 5,500,000 acres at year-end 1968. Most of these lands are held 50-50 by Occidental and Petrochem. The most significant single purchase was acquisition of a 94,000-acre reservation in the highly-regarded Kakwa deep gas trend of west-central Alberta. Of long term importance, the joint venture obtained a 2,430,000-acre position in the Arctic Islands region of northern Canada, the Foxe Basin of the Arctic and the James Bay Lowlands south of Hudson Bay. Industry activity in these regions is advancing at a remarkable pace.

The joint venture participated in the drilling of 25 exploratory tests during the year which resulted in two potentially important discoveries in the South Okotoks area of Alberta, one of sulphur-bearing gas and the other of high-gravity oil. The venture holds approximately 21,000 gross acres in the area and extensive reserves are now indicated. Detailed development, gas processing and pipeline studies are now under way to determine the most efficient and profitable manner of exploiting these reserves.

INTERNATIONAL EXPLORATION

Ghana, West Africa

Your company's wholly-owned subsidiary, Occidental of Ghana, Inc., and its partners, Signal Oil and Gas Company and a subsidiary of Standard Oil Company of Indiana, expanded their gross acreage holdings in offshore Ghana to more than 1,400,000 acres during 1969. Occidental's net share of this area amounts to 420,000 acres. The first well is now drilling on a well-defined anticlinal structure which was found through seismic investigations conducted by the group during the past year.



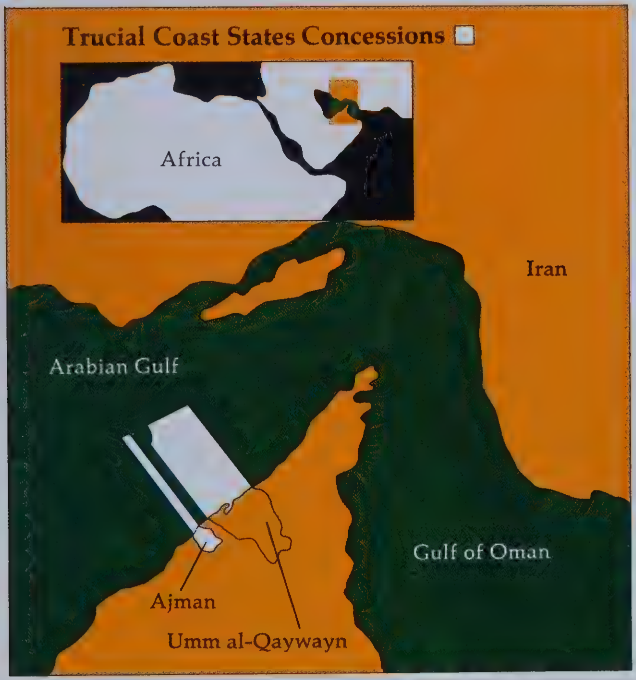
Umm al-Qaywayn and Ajman, Arabian Gulf

Occidental has obtained a strategic position in the Middle East with the acquisition of petroleum concessions from the neighboring Trucial Coast states of Umm al-Qaywayn and Ajman. The first of these agreements was concluded in November, 1969 between your company and Sultan Al Mu'Alla, son of the Ruler of Umm al-Qaywayn, His Highness Sheikh Ahmed Bin Rashid Al Mu'Alla.

This agreement granted Occidental exclusive rights to drill for oil on a 473,000-acre offshore concession. Shell Oil Company was granted the onshore exploration rights earlier in 1969, and several of the major

Sultan Al Mu'Alla and Chairman Dr. Armand Hammer sign agreement giving Occidental exclusive oil drilling rights in Umm al-Qaywayn offshore concession

oil companies were also competing for the offshore areas. Sulphur content of Arabian Gulf crudes is low, and the oil finds a ready market in the Orient. Our completed survey of the concession area shows favorable indications of an extensive structure. Exploratory drilling operations will begin as soon as possible.



On February 3, 1970, your company was granted by His Highness Sheikh Humaid Bin Rashid, crown prince and deputy ruler of Ajman, exclusive rights to drill for oil on all the territories of Ajman and its dependencies onshore and all its territorial and offshore waters and islands. The total area involved is approximately 166,000 acres.

Exploration of the Trucial Coast area has accelerated in recent years with the result that the production in the area has rapidly increased and soon promises to exceed one million barrels per day from the fields in the Sheikhdoms of Abu Dhabi and Dubai.

Onshore and offshore oil drilling agreement signed by His Highness Sheikh Humaid Bin Rashid of Ajman and Vice Chairman Thomas F. Willers

Caribbean Offshore

In November, 1969, Occidental and Signal Oil and Gas Company entered into an agreement to jointly explore offshore concessions totaling 7.5 million acres in the Caribbean Sea. Your company is the operator and will earn a one-half interest in the concessions in return for conducting seismic surveys and drilling three exploratory wells. Seismic work to date has indicated the presence of attractive geologic structures, and the first exploratory well is now drilling in 100

feet of water toward a goal of 8,000 feet to test one such feature. The location is about 100 miles offshore from the coast of Jamaica.

The concession area includes a large portion of the continental shelf between Jamaica, Honduras and Nicaragua, one of the largest untested potential oil provinces in the western hemisphere. Several international oil companies have scheduled exploration activities on offsetting acreage.

Your company also feels optimistic concerning its recent bids for its account on four permit blocks covering 340,000 offshore acres from the north coast of Trinidad. The island is a highly promising area, having produced nearly 1.5 billion barrels of oil to date, and a major U.S. company recently announced significant discoveries of high-quality oil off the east coast.

Situation in Venezuela

More than a year ago your company submitted bids to the Venezuelan national oil company, CVP, for service contracts on 625,000 acres in the southern part of Lake Maracaibo. The basic terms of the contracts have been approved by the executive branch of the Venezuelan government, and the matter now rests with the National Congress of that country.

Occidental believes that it will be successful in winning one or more of the five blocks that comprise the acreage. If this proves true, an aggressive exploration and development effort will begin immediately after awarding of the contracts.

The northern half of Lake Maracaibo has yielded about 17 billion barrels of oil to date, with remaining reserves among the largest known in the western hemisphere. Although the southern area has not been explored, production from large adjoining fields, data from seismic surveys and similar geologic conditions point to sizable accumulations of high-gravity oil in the southern part of the lake.

Other Areas of Interest Throughout the World

Your company has submitted bids for several concession areas in offshore Nigeria, which is developing into one of the major oil provinces of the world. Because of Occidental's reputation established by our success in Libya, we believe we have a good chance to secure concessions. Production in Nigeria would be particularly attractive because, typical of most West African crudes, the oil is very high quality, low in sulphur and strategically situated for markets in the western hemisphere and Europe. In Peru during 1969, your company did some detailed seismic work on its 988,400-acre concession area. This is now being evaluated in conjunction with earlier seismic surveys.

Proposed Changes to Oil Import Quota System

The long-awaited Presidential Oil Imports Task Force report has recently been released, proposing the institution of a new, differential tariff system as an ultimate replacement to the import quota system. President Nixon has passed this report on to a newly-formed committee for its study and recommendations. Your company believes the President's final decision will be in the best interests of the nation, the industry and the consumers. Occidental, meanwhile, will continue to update its plans to build a refinery in Machiasport, Maine, where the economic need is so acute, and we are confident this refinery will become a reality.

Control room, below, serves as nerve center of Occidental's Antwerp refinery (next page) which produces gasoline, jet fuel, heating and fuel oils, liquefied petroleum gas (LPG) and asphalt

FOREIGN OIL REFINING AND MARKETING DIVISION

Sales of Libyan crude oil during 1969, the second year that your company's loading facilities at Zueitina were in operation, reached a total of 219 million barrels, an increase of 61 per cent over the 136 million barrels marketed during 1968, and on January 26, 1970, the one thousandth tanker was loaded at our port. A large portion of this oil was sold to independent oil companies in West Europe and a further part to major international oil companies. Sales were also made to customers in the United States and South America. The balance was delivered to Occidental's own refineries in Belgium and West Germany.

Continuing long-term sales contracts and expansion of refining facilities and product markets in Europe assure profitable disposal of the increasing Libyan crude oil production in the coming years. During July, 1969, your company and the French government-owned oil company, ERAP, concluded one of the most important crude oil agreements ever made by either party. Under this contract, which compares favorably with the one billion dollar contract signed in late 1968 with the Italian chemical firm, Societa Industriale Catanese SpA, Occidental will supply large volumes of its Zueitina crude to ERAP over a ten-year period.

Payable in U.S. Dollars

Occidental's crude oil contracts are payable in U.S. dollars in London and, thus, are not affected by fluctuations in foreign currencies. Practically all of Occidental's long-term crude oil sales contracts also contain escalation clauses which would permit the bulk of any increase in taxes or royalties to be passed on to the purchaser.

Diversification of crude oil sources has been achieved through suitable strategic exchanges of Occidental's Libyan crude against other oils, enabling your company to penetrate markets which otherwise would not be open to our Libyan oil due to its geographic location. These new markets will be available as your company develops its own crude oil production in other areas of the world.

Sales of Refined Products

The petroleum product sales policy of the company is to make its position in the market ever more firm through the purchase of service stations and the conclusion of term contracts with service station dealers, wholesalers, industrial consumers and government agencies. This policy was successfully implemented in 1969 with total sales of all petroleum products during the year showing substantial increases over total sales made in 1968.

In retail marketing, your company opened its first service stations in the Netherlands in 1969 through the acquisition of an existing chain. The stations sell under the brand name OXY. In the United Kingdom, a number of attractive sales outlets have been opened, particularly in the London area, as we continue our planned expansion throughout the British Isles. The company has continued its acquisition of chains of service stations in West Germany and now holds an important share of the market, particularly in the Rhineland area around Frankfurt and Mannheim. Efforts to strengthen our retail marketing in Belgium are continuing.

Total sales at our European service stations have increased substantially with per station sales volume and profitability continuing to improve. Greater penetrations have been achieved into the wholesale and industrial markets in the United Kingdom, Netherlands, Belgium and West Germany, and a new affiliate has been formed to promote the sale of petroleum products in Italy. Sales of asphalt throughout Europe are increasing steadily.

Tanker Fleet Enlarged

To meet increasing requirements for the transportation of crude oil and petroleum products by sea, arrangements have been made to increase by mid-1970 the tanker fleet of vessels owned by your company or leased under long-term charters to 21 ships, totaling approximately one million tons capacity. The fleet will include five combination carriers ranging in size from 30,000 tons to 96,000 tons and able to carry crude oil on one voyage and coal or phosphate rock on the next. Coordination of shipping schedules with other divisions of Occidental reduces empty time for the vessels and effects substantial reductions in overall marine transportation expense, adding to the profit from this increasingly-important segment of our business.

Crude Oil Refining in Europe

The expansion of your company's refinery at Antwerp, Belgium, from 45,000 to 85,000 barrels per day was completed on schedule, and the new facilities began operating according to plan in July, 1969. Further expansion to approximately 100,000 barrels per day will occur during 1970.

Occidental's two German refineries at Essen and Brunsbuettel (Ostermoor) increased asphalt production over 1968 and continued their emphasis on upgrading into more valuable industrial asphalt grades. Expansion of packaging facilities for these industrial

Tanker Armand Hammer is flagship of company's growing fleet of vessels needed to transport natural resources to harbors of the world. Ship can carry crude oil on one voyage and coal or phosphate rock on the next

grades is under way. To improve the supply of light petroleum products in Germany, quantities of your company's Zueitina crude oil were processed at Essen, and arrangements also have been made to process our Libyan crude at a refinery in southwest Germany.

Proposed Refinery Near London, England

Nearly two years ago, your company made application to the British government for permission to construct a refinery on Canvey Island about 30 miles east of London, at the mouth of the River Thames, on a site we hold under option. On February 16, 1970, the British Ministry of Technology granted an industrial development certificate permitting the construction of this refinery. Approval by local planning authorities will be required, but your company does not expect any unusual delay in obtaining such approval. Plans and specifications for the refinery include the most modern equipment with rigid controls to reduce to a minimum any possibility of environmental pollution.

Planned for a capacity of 80,000 barrels per day, a substantial portion of the refinery's output would be utilized by our own rapidly-expanding chain of retail and wholesale outlets in the United Kingdom. It would be located on a 200-acre site on the Thames where the water depth is 100 feet, sufficient to accommodate tankers of up to 100,000 tons. By using off-

Domestic crude oil marketing division's central truck terminal in Midland, Texas, services Permian's fleet of tractors and tank trailers

shore buoys connected to a submarine pipeline similar to our Zueitina installations, the terminal could handle the largest supertankers now operating or planned for future construction.

DOMESTIC CRUDE OIL MARKETING DIVISION

Your company's domestic crude oil marketing subsidiary, The Permian Corporation, had another excellent year in 1969 with revenues and profits exceeding 1968 levels.

Permian was able to achieve this record of accomplishment in 1969 for a number of reasons, the major factors being the strategic acquisition of field gathering systems, extensions to its presently-owned systems, the profitable hauling of waste water and brine, and a vigorous program for increasing sales and cutting costs. The cost-cutting program consisted of increased automation of field marketing locations to provide unattended operation, the replacement of high maintenance cost equipment and increased efforts on the part of maintenance personnel.

Pipeline Facilities Increased

At year-end, Permian's gathering facilities included 4,829 miles of pipelines compared with 4,726 miles at the end of the previous year. 389 tractors and 373 tank trailers handled substantially the same volumes handled by the 436 tractors and 434 tank trailers on hand at the end of 1968. During 1969, pipeline gathering systems increased to a daily capacity throughput of 609,500 barrels of crude from the 587,500 barrels of pipeline capacity the year before.

A new truck and pipeline terminal is being constructed at Duson, Louisiana, to replace a smaller inadequate leased facility. Loading facilities at the Brownsville, Texas, water terminal have been improved, and a new barge terminal is being constructed in Louisiana. At the end of 1969, Permian's facilities included 25 truck terminals and 13 barge terminals.

Permian Plans Improvements

Plans for 1970 include the purchase of 60 new tractors and trailers which will further reduce maintenance costs. They also include an expansion of services to the oil field industry which are compatible with our present trucking facilities. These services include the disposal of salt water produced in conjunction with crude oil, development of sources of brine and fresh water for use in drilling operations and the furnishing of sand frac oil for stimulation of production in old and new wells, all of which add profitable revenues to your company and in many instances represent back hauls on income-producing trips. Thus, Permian's management feels confident that the division is in a favorable position to equal or excel its 1969 record.

ISLAND CREEK COAL DIVISION

Sales and profits of your company's wholly-owned subsidiary, Island Creek Coal Company, increased substantially over those of 1968. These operating results would have been even higher except for serious industry work stoppages throughout the year and a shortage of railroad cars. Island Creek, the nation's third largest coal company, produces steam and metallurgical coal from a total of 29 mines in Kentucky, Ohio, Virginia, West Virginia and Pennsylvania, and has seven new mines presently under construction.

Acquisition of Maust Coal and Coke Corp.

In August, 1969, Island Creek acquired the assets of Maust Coal and Coke Corp., a company which had been in the coal business for many years. Prior to acquisition, Maust was producing at the yearly rate of 7.7 million tons of coal which generated revenues in excess of $42 million. Due to Maust's financial and operating problems, we were able to acquire the company for $29 million, financed by the financial institutions involved with Maust on favorable terms.

Besides initially adding about 30 per cent to Island Creek's sales volume, more than 400 million tons of fine quality steam and metallurgical coal reserves were acquired in northern West Virginia and Pennsylvania, areas in which Island Creek had not previously operated. The coal is low in sulphur, meeting the stringent east coast air pollution control standards, and also greatly enhances Island Creek's position in the export market.

Your management concluded, after a thorough study of the Maust operations, that, under Island Creek's management, they could be made profitable. Maust properties have been consolidated with those of Island Creek and are now designated as its Hammer division. Immediately after the acquisition was consummated, Island Creek began renegotiating certain of Maust's unfavorable contracts and is meeting with success. Your company is making substantive investments in the properties, and production facilities will be further expanded in the future.

Coal Marketing

Industry coal production in 1969 totaled 550 million tons, and consumption in all markets reached 565 million tons, resulting in a decline of inventories in consumers' stockpiles to 82 million tons, or 54 days' supply. Many coal consumers could not obtain their full requirements of coal, with the result that prices

remained firm and in some markets increased substantially, particularly in the export market which increased nearly eight per cent over 1968.

Island Creek increased its share of the industry's markets from 4.8 per cent of the total in 1968 to 5.8 per cent in 1969 — from 26.3 million tons to 31.5 million tons — as new mines increased their contribution and the new Hammer division contributed tonnage in the final months of the year. Of the 5.2 million tons increase in sales, 4.7 million tons went into the electrical utility markets, export sales accounted for 1.4 million tons, and coking coal sales declined by nine-tenths of a million tons. Industrial and retail sales volumes remained constant. In terms of the total U.S. sales of coal, your company's share of export sales increased from 8.5 per cent in 1968 to 10.9 per cent in 1969, and our share of the U.S. electric utility market increased from 3.5 to 5 per cent.

Consumption of Coal Increases

Total coal consumption in 1970 is estimated at 582 million tons, an increase of three per cent. Usage by electric utilities will account for more than 55 per cent of total tonnage in 1970, and this market is much more recession-proof than the average business. In addition, even though it is predicted that steel, coke and general manufacturing activity will ease from the fast pace of 1969, all coal customers, including the electric utilities, face a sizable job of rebuilding inventories to satisfactory levels. The net effect should be that coal prices will hold firm at their present high levels with some price escalations during 1970.

The process of marketing coal today is changing dramatically. Formerly, mines were first planned and constructed on the basis of the expected ability to sell the output once the mine was in production. Today, the sale is made first and the mine designed accordingly. As a result, more than 70 per cent of the Island Creek tonnage in 1970 will move on long-term contracts, and even this high percentage will increase in the years ahead.

Coal Contracts Improved

New contracts are today being written with improved escalation and price flexibility, but with the tonnage movement to the customer assured for the life of the contract. The many advantages to both buyer and seller from this efficient and economical arrangement are obvious and compelling.

The five-year outlook for both the bituminous coal industry and your company's coal division, Island Creek Coal Company, is favorable. By the close of 1974, industry production and demand has been forecast by industry analysts at 650 million annual tons, 100 million tons above the 1969 total.

On the basis of mines now under development or in the planning stage, Island Creek's growth in the next five years would account for 25 million tons of annual production or one-fourth of the net industry expansion and would bring Island Creek's estimated total production to some 56 million tons per year. This would increase Island Creek's share of all markets to 8.8 per cent.

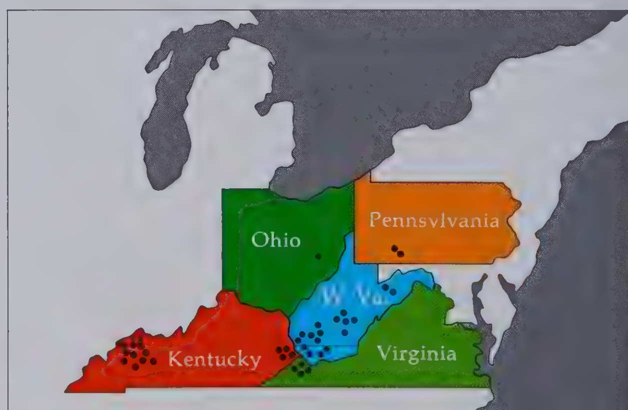
Coal Agreement with Japanese Company

In December, 1969, Island Creek and Nissho-Iwai Co., Ltd., a leading Japanese trading company, entered into an agreement for the construction and development of a new mine to produce two million tons of coal annually from our Buchanan County, Virginia, low volatile coal reserves, which many experts consider the best metallurgical coal in the world.

The $25 million required to construct this mine will be provided by Nissho-Iwai under a favorable loan agreement. Simultaneously, a 30 million tons sales contract was signed, committing the total production of the mine to Nissho-Iwai for a 15-year period starting in 1974. The primary sales under this contract will total approximately one-half billion dollars and, if all options are exercised and the entire mine reserves are purchased by Nissho-Iwai, the contract could involve as much as 75 million tons of coal, making the aggregate sales volume well in excess of $1 billion.

Of particular significance is the fact that the agreement, which has received approval of the Japanese government, marks the initial major involvement of the Japanese steel industry in financing of U.S. coal mine production to insure a source of supply. Construction has already started and the mine will be in development production in 1972.

Island Creek Coal Mines



Includes Three Joint Venture Mines

This mining man is one of Island Creek Coal division's 10,000 skilled technicians who daily operate highly-sophisticated technical equipment in company m

Branch mine in northern West Virginia, obtained in acquisition of Maust Coal and Coke Corp., supplies coal to electric generating stations in surrounding a

Barges on Ohio River load coal from Hamilton Mine. River is used extensively for coal transportation by Island Creek

Mine Production Increases

Island Creek's production in 1969, including supervised output from jointly-owned mines, totaled 30.5 million tons, an 18 per cent increase over the previous year. Nearly one million tons of production were lost as the result of strikes and railroad car shortages during the year.

Production in 1970 is projected at 38 million tons for a substantial 26 per cent growth over 1969. The current demand for high-quality steam and metallurgical coal has justified the planned growth of Island Creek's production, which has been substantially greater than the industry growth rate.

Seven New Mines in 1969

Island Creek had seven new mines under construction and development during 1969. Five of these — three in western Kentucky, one in eastern Kentucky and one in West Virginia — will have, when completed, an aggregate capacity in excess of seven-and-one-half million tons per year. The entire output of these five high-quality coal mines has been sold under long term contracts to the utility and industrial markets. The other two mines under construction, one a joint venture with Jones & Laughlin Steel Corporation, will produce from the company's low volatile metallurgical reserves in Buchanan County, Virginia. Each will have an annual capacity of two million tons. These seven mines will add a total of 11½ million tons per year of new production when fully developed.

Two additional mines have been authorized in 1970 — the Virginia Pocahontas No. 4 under the Nissho-Iwai contract and a metallurgical coal mine in West Virginia — and expansion of the new Hammer division has been programmed.

Reserves Exceed Four Billion Tons

With the acquisition of Maust, Island Creek's coal reserves now total 3.3 billion tons owned, leased or under option. Taken together with the approximately 800 million additional tons of coal reserves controlled by virtue of envelopment, Island Creek's reserves total 4.1 billion tons for an increase of 700 million tons over 1968.

HOOKER CHEMICAL DIVISION

In its first full calendar year as an Occidental subsidiary, Hooker Chemical Corporation turned in the best performance of its 60-year history. Sales and earnings hit all-time record highs, making Hooker a major contributor to your company's total revenues and profits. Earnings increased 26 per cent and sales rose 10 per cent over 1968 in the face of a critical nickel shortage and a general slowdown which affected some segments of the chemical industry in the second half of the year.

The year 1969 was one of excellent progress throughout the entire spectrum of Hooker's business — plastics, metal finishing and chemicals—setting the stage for even greater gains in the 1970's. To this end, Hooker is engaged in a worldwide expansion program, the principal projects of which are discussed in this report.

Hooker Plastics

Through its Ruco and Durez divisions, Hooker offers a wide variety of plastics at a time when the demand for these versatile materials is far outstripping the demand for other competitive materials. Plastic sales and profits made good gains in 1969. For 1970, plastics revenues are projected to rise by approximately 20 per cent over 1969, principally from Ruco's new Burlington complex.

New Rucaire Fabric Introduced

One of Hooker's most exciting new developments is its first consumer-oriented product, Rucaire One, a breathable, leatherlike fabric for furniture, which was first introduced to the furniture trade early in 1969. This new fabric has achieved immediate acceptance by leading furniture manufacturers.

Other Rucaire market applications include apparel, handbags, footwear, luggage and practically any application where leather is used. The advantages of the Rucaire products over other competitive materials may be found in their beauty, durability and versatility, and their poromeric qualities which allow this fabric to "breathe" as leather does.

Rucaire is produced at the company's multi-million dollar new fabrics facility at Burlington, New Jersey, which began production in the spring of 1969. This plant has highly sophisticated high-speed machinery for the manufacture of coated products by a variety of processes, producing polyurethanes, vinyls and combinations of both, expanded coatings, laminates and prints.

Full-Scale Production of PVC

Also at the Burlington complex, Hooker has achieved full-scale production of polyvinyl chloride (PVC) manufactured by a unique and highly-efficient process. The PVC market is expanding rapidly with future growth projected at between 15 and 17 per cent per year. Hooker's penetration of this market has been successful and, with its present productive capacity completely sold out, the company has commenced an expansion program that will more than triple its PVC production with a substantial reduction in manufacturing costs.

Ruco continues to expand its plastic film and sheeting operations. Further sales gains in upgraded products, such as printed and laminated films, are anticipated, including new products and applications now being developed.

In the thermoset plastics portion of Hooker's business, there was news from Detroit that the 1970 model automobiles, for the first time, are averaging 100 pounds of plastics per car. Durez thermoset plastics, meaning plastics that will not melt once hardened, provide the dimensional stability, heat resistance and electrical properties required to make steady inroads in competition with metals.

Canada Plant Nears Completion

Hooker's major facility for the production of a full line of plastic forming materials is nearing completion at Ft. Erie, Ontario, Canada. This complex will supply a number of key Canadian industries with greater volumes of the same lines of raw materials which have made the Durez name and products so popular in the United States.

Durez compounds are finding growing uses by larger plastics molding plants in their high-speed automated presses. Another growing market is in resins for use in carbon-less "carbon" paper. After several years of development, Durez reported its first year of significant sales volume for the resin used in this new copying paper, which was developed in concert with a major supplier of office equipment. The impact of writing or typing on this special paper releases a dye encapsulated in its resin coating, eliminating the need for messy carbons.

The past year also marked a breakthrough in the boatbuilding industry for fire-retardant Hetron polyester resins which were adopted by a large west coast maker of pleasure crafts. In the construction industry, Durez is working with Purdue University Research Foundation on a new mechanical method of forming shell structures. This "buckle shell" concept is viewed

as holding large-volume potential for Hooker's fire-retardant Hetron polyesters and Hetrofoam polyurethane insulating materials.

Hooker's Metal Finishing Division

Through its Udylite, Sel-Rex and Parker organizations, Hooker maintains its strong position in the field of chemicals, processes and equipment for the metal treating, finishing and related industries throughout the world.

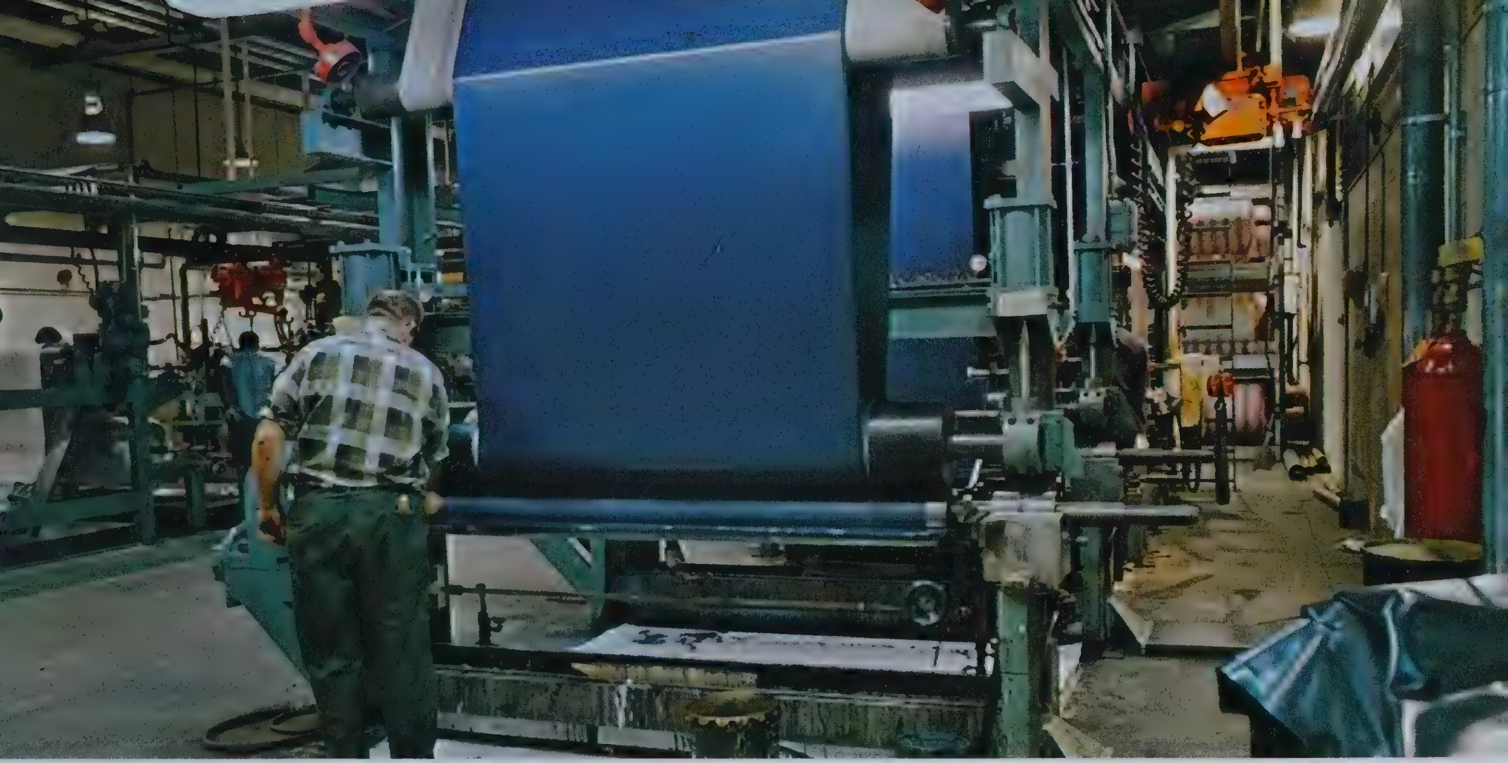
In 1969, The Udylite Corporation, which supplies equipment, chemicals and processes for the electroplating and electrofinishing of non-precious metals, turned in an excellent performance with sales up 17 per cent over 1968 while profits increased 85 per cent. This outstanding performance was achieved despite a crippling four-month strike in the nickel industry and, with this behind us, Udylite expects another banner year in 1970.

To provide maximum assistance to customers, Udylite introduced its new Udyco cobalt-plating process enabling electroplaters to substitute cobalt for nickel at reasonable cost and with no discernible difference in the finish. The Udyco process is unique in that it is the only one with complete flexibility in the amount of cobalt used, from one to 100 per cent. The line of Udylite zinc plating processes was expanded by two new brighteners, Z-brite Super 75 for use in conventional zinc baths and Z-brite LCZ, a new low cyanide bright zinc process.

New Plating Models Introduced

In 1969, when Udylite built and delivered more automatic plating machines than in any prior year, two new models were introduced. One of these, the Udylite-developed Varimatic, is a versatile, fully-automatic plating machine which permits the plating of steel, zinc die cast and plastic automotive parts on the same machine. Another important development is Udylite's strong entry into the field of waste control. Udylite is in an ideal position to capitalize on this market, since it has been involved in the treatment of electroplating wastes for many years.

This is Rucaire, Hooker Chemical's new leatherlike fabric. Above, as used in room setting. Upper right, Rucaire rolls off production line. Lower right, chemist George Albi and styling director Fred Wright inspect swatches of 17 colors now in production



Sel-Rex Has Unit Sales Increase

The Sel-Rex Corporation, which Hooker acquired in July of 1968, recorded a better than 15 per cent increase over 1968 in unit sales in its prime markets. Sel-Rex is a leading supplier of precious metals electroplating compounds and equipment, especially gold. Growth was particularly significant among customers in the expanding communications and computer systems manufacturing fields. Newsworthy applications for the company's precious metal processes included the historic Apollo 11 moon landing as well as other space projects. The Sel-Rex Karatclad gold process for plating jewelry continued to grow in market acceptance as the result of an aggressive licensing program.

The fastest-growing market for Sel-Rex proprietary products, however, is in the electronics industry, with military and defense use accounting for a decreasing percentage of sales. The company is also developing other product lines embracing precious metals and rare earths for application in electronic component manufacturing, which are scheduled for 1970 introduction.

Parker Division Makes Gains

Hooker's Parker Division also made important gains in 1969. Parker's product line was augmented in 1969 by a new series of chemical treatments for metals, including a conversion coating chemical which will clean and condition steel, aluminum and galvanized steel. Parker also penetrated new markets in the aluminum can and aluminum extrusion industries.

For the coil-coating industry, which now consumes more than 10 per cent of all U.S. aluminum production, Parker has developed a new chemical application technique for maintaining optimum quality at lower cost. Parker's Rexdale, Ontario, Canada plant was expanded, and improvements were made to its Morenci, Michigan, facility, including a modern industrial waste disposal unit.

Industrial Chemicals Division

During the past year, the industrial and basic chemicals segment of Hooker's business, like the chemicals industry in general, encountered a lessening in demand for some products along with rising costs of labor and raw materials. However, higher prices in some instances and a tough cost control program enabled the industrial chemicals division to turn in another noteworthy year.

To keep pace with the increased requirements of one of Hooker's most important industrial markets, sodium chlorate capabilities at Columbus, Mississippi,

Top left, Durez resins widely used as rubber additives. Lower left, bleaching chemicals loaded for barge trip to Canadian west coast. Upper right, skilled Udylite staff shown testing wide variety of parts in pilot plating laboratory. Lower right, Sel-Rex technologist makes fire assay of precious metals


ELIZABETH

were again expanded, with further expansions planned for 1970. Hooker is now the largest U.S. producer of sodium chlorate, much of which is sold to the pulp and paper industry to make chlorine dioxide. A new Hooker designed-and-simplified chlorine dioxide generating system, recently installed at a southern pulp mill, has already had excellent results by reducing costs and increasing efficiency.

Regarding chlorine-caustic cell technology, in which Hooker has long been a pioneer and leader, the company has made encouraging progress with dimensionally stable anodes and now has cells under full-scale test. It is expected that this development will lead to a new generation of Hooker diaphragm cells with accompanying savings in new and existing plants.

Expansion Program Continued

Anticipating the needs of the future, Hooker's industrial chemicals division is continuing its expansion programs. Facilities under construction or recently completed include additions to chlorine and caustic soda capacities at Taft, Louisiana, and muriatic acid facilities at Vancouver, British Columbia. At its Niagara Falls, New York, chemical complex, Hooker has added a new muriatic acid plant; a plant to produce magnesium perchlorate, which is a new product for electric batteries designed to withstand high heat and humidity conditions, and a continuous caustic soda fusion unit. In Wyoming County, New York, construction of a brine plant with a 50-mile pipeline into Niagara Falls is about to begin.

Hooker's International Division

Hooker's international division, which cuts across all lines of metal finishing, plastics and industrial chemicals, showed record growth in every sector during 1969. This division represents about 21 per cent of Hooker's total revenues for the year. Hooker and its affiliates now operate 23 plants in 11 countries outside the U.S. and Canada.

In Mexico, Hooker Mexicana, S.A. de C.V. is increasing its industrial phosphate capacity by 50 per cent with a new unit scheduled to go on stream in the last quarter of 1970. In addition, new phenolic resin and fire-retardant Hetron polyester resin plants have begun operations.

In Argentina, an $11 million project has been approved for Duranor S.A.I.C., a wholly-owned Hooker subsidiary, to produce phenol and acetone. Duranor, which manufactures phenol and phenolic molding

Chlorinated solvents plant at Taft, Louisiana, where trichlorethylene, a metal treating chemical, and perchlorethylene, a dry cleaning solvent, are produced

compounds and resin products, occupies a preeminent position in several segments of the plastics business in Argentina.

New Joint Venture in Spain

In Spain, the management of your company and the leading Spanish chemical firm of S.A. Cros have recently announced plans for the formation of a new 50-50 joint venture, Oxycros, S.A., and engineering has begun for a $35 million plastics manufacturing complex at Puertollano in southern Spain. Present plans anticipate that the complex will produce vinyl and polyvinyl chlorides, chlorine and caustic soda with production commencing by early 1972.

The Puertollano location is ideal from the standpoint of raw materials and also as a distribution point for the sale of the products in Spain and in foreign markets. It is expected that this project may also provide your company an entry into other aspects of the growing Spanish industrial chemical markets.

In Belgium, Hooker's manufacturing unit at Genk will put a new facility on stream shortly to produce Udylite electroplating brighteners.

International Metal Finishing

During the year, Hooker Metal Finishing International, S.A. was formed to coordinate the company's rapidly expanding international metal treating and finishing operations. This new group now controls the activities of 12 Hooker companies in Europe, Latin America, Japan, Australia and New Zealand. Among recent steps was the acquisition of 80 per cent of the shares of Instituto Electroquimico S.A., a leading plating chemical and equipment supply company in Spain which distributes Hooker's Udylite and Sel-Rex plating processes.

Also recently acquired were all the outstanding shares of Industrias Quimicas Ingalco S.A.I.C.F. of Buenos Aires, formerly a 40 per cent Hooker subsidiary. Ingalco is the distributor for Udylite in Argentina and it is expected that, under full Hooker control, this company will serve as a base to expand into the Chilean and Uruguayan markets.

Sales Growth Continued

Efco Limited of England, acquired as a wholly-owned subsidiary in 1969, continues its sales growth, augmented by increasing sales to European countries of Udylite plating equipment and nickel brighteners. In Switzerland, Sel-Rex has developed new gold-plating processes for colored gold and low-karat applications, which should greatly enlarge Sel-Rex's position in the jewelry field. In Latin America, sales were expanded by introducing the Sel-Rex line in Udylite's subsidiaries, Udylite Mexicana, S.A. de C.V., and Udylite do Brazil, S.A. Industria e Comercio.

In Australia, Hooker's wholly-owned subsidiary, Hooker Chemical (Australia) Pty. Limited, has, through recent acquisitions, become one of that country's largest firms supplying the metal finishing and industrial detergent markets. Through another acquisition, Hooker is expanding into New Zealand.

Advanced Technology Important

Hooker's advanced technology in the area of flame retardance for fabrics and plastics is more important than ever because of the Federal Flammable Fabrics Act, which requires that nearly all household fabrics and wearing apparel meet rigid safety standards.

During the year, Hooker introduced a novel new process which extends our Roxel "life-of-the-fabric" flame retardance treatment to lightweight cotton and rayon fabrics. Also, a new addition to Hooker's family of chlorinated fire-retardant additives, "Dechlorane 600," has been developed for large-volume applications, and production of another of Hooker's basic fire-retardant materials, "C-56," has been increased.

Fire-Retardant Plastic Developed

An important new area of great potential is Hooker's development of fire-retardant ABS polymers. Scheduled for extensive field trials in early 1970, this fire-retardant plastic is expected to prove superior to other competitive materials. Large markets in appliances and automotive applications are seen for this material, which also can be readily electroplated with the aid of Hooker's revolutionary plating-on-plastics process.

This new technique for applying a conductive surface to plastics was developed by the company's central research laboratory at Grand Island, New York, and is now in the pilot plant stage. This process is simple to operate, dependable and lower in cost than current processes available — advantages which should give it a competitive edge for many years to come. Its potential markets range from automotive, industrial and decorative uses to such diverse product applications as printed circuitry, packaging, housewares, plumbing fixtures and corrosion-resistant equipment.

Ammonia plant at Oxychem's Best Fertilizers complex in Lathrop, California, produces more than 98,000 tons per year for use in manufacture of fertilizer products

Many Patents Granted

Progress such as this is produced through an aggressive research and development program now supported by a budget of more than $12 million a year. Since its incorporation in 1909, Hooker has been committed to research, and last year 341 individual patents were granted to the company with applications pending on an additional 1,387 patents worldwide. Thus, through research, new products and innovational programs in process engineering and in technical and business management methods, your company maintains its position as one of the leading chemical firms of the world.

Looking beyond present projects, we foresee vast possibilities for the combination of Hooker's technology with Occidental's minerals resources and refining capabilities, not only in the field of petrochemicals but also providing the raw materials for Hooker's chemicals and metal finishing operations.

AGRICULTURAL CHEMICALS AND FERTILIZERS

1969 was the first year since 1960 that the total U.S. fertilizer consumption declined from the preceding year. This reduction was caused primarily by unfavorable weather conditions, which hampered agricultural activities in several areas, and by a decrease from 1968 in crop acreage planted in the United States by two per cent.

Nevertheless, in contrast to the general industry situation, your company's fertilizer division, Occidental Chemical Company (Oxychem), registered record sales, both in volumes and revenues, and showed substantially better operating results in 1969 than in 1968 despite disappointingly low profit margins. Your company has met the problems of oversupply and low sales prices with a number of positive steps, including the selective withdrawal from markets offering poor profit potentials while expanding into areas with more favorable prospects and through continuous and effective cost reduction programs.

Increase in Agricultural Chemical Sales

One of the areas offering a better-than-average profit potential is in crop protection chemicals, which include pesticides, fungicides and herbicides. During 1969, agricultural chemical sales were up 22.5 per cent over the previous year. Oxychem assumed the sales and marketing responsibilities for Hooker's proprietary farm chemicals in early 1969, and with Oxychem's more concentrated marketing organization and the addition of more distributorships in the northeast, midwest and southwest regions, your company looks toward substantial increases in agricultural chemicals sales and profits in 1970.

Premium Products Sales Growth Cited

Oxychem also recorded significant gains in two of its premium products with the registered trademarks ZIPP and SPA (superphosphoric acid). Both command substantially better margins than the common fertilizer materials. ZIPP is a high-analysis fertilizer which contains soluble zinc and iron and polyphosphates in addition to nitrogen, potash and conventional phosphoric acid, making possible greater crop yields through these added ingredients.

Sales of Occidental's SPA, produced by the Occidental-Nordac process, continue to increase strongly, justifying your company's confidence in this Occidental-developed concentrated phosphoric acid. Our original SPA plant at Lakeland, Florida, is being relocated at the Suwannee River chemicals complex in northern Florida in time for the 1970 spring shipping season, increasing production capacity by 33 per cent.

Phosphate Rock Production

Phosphate rock production for 1969 of two and a quarter million tons from Occidental's Suwannee River phosphate mine was at approximately the same level of the previous year. Occidental has established this rock as premium product, not only because of its excellent characteristics but, more recently, through a patented technological innovation by Oxychem's research staff which permits Occidental's phosphate rock to be used in its natural state, without grinding.

Both our Lathrop, California, and Suwannee River phosphoric acid plants are operating with unqualified success using our unground rock and process, with very substantial savings through the elimination of grinding costs and greater process efficiencies. Your company expects to improve its sales position worldwide by making this technical breakthrough available to its customers.

Feed Supplements for Livestock

In September, 1969, a multi-million dollar contract was awarded for construction of a 100,000 tons per year Pollyphos plant at the Suwannee River chemicals complex, to be completed in late 1970. Pollyphos is the Occidental brand name for defluorinated phosphate.

Your company has one of the broadest product lines in the feed supplements industry. Sales in 1969 were higher than in any previous year. With the addition of the new Pollyphos plant, your company will be in a position to maintain its lead in this growth industry.

International Sales Increase

International Ore & Fertilizer Corporation (Interore) showed substantial increases in sales volume and

profits in 1969 due to its successful merchandising of bulk quantities of fertilizers and fertilizer raw materials in the international markets. Exports of phosphate rock, triple superphosphate and diammonium phosphate from your company's Florida and Taft, Louisiana, operations increased significantly.

Future profitability is expected to result from the expansion and broadening of present commodity lines and from management fees and commissions on urea sales from the new Saudi Arabian Fertilizer Company (SAFCO) plant at Dammam, Saudi Arabia.

Saudi Arabia Plant Completed

Together with the management of SAFCO, we take great pride in announcing the completion of this ultramodern plant which is owned by Saudi Arabian interests and was constructed and is being operated under Occidental's supervision. The 1,000 tons-per-day plant came on stream during the latter part of 1969. For its management effort, your company receives ten per cent of the plant profits plus a selling commission amounting to five per cent of gross sales.

Concerning our proposal to construct a high analysis fertilizer plant in India, the political situation there remains unsettled and, until firm commitments relating to the financing and operation of the plant can be obtained, this project is being held in abeyance.

Future Outlook for Fertilizer Industry

The fertilizer industry has realized low profitability over the past three years because of drastically low sales prices caused by the over-expansion of production capacity during the 1963-1966 period. Given reasonably good weather this year, consumption should again turn upward with the expectation of firmer prices for 1970, although it may be 1972 or 1973 before respectable profit margins are again restored.

JEFFERSON LAKE SULPHUR DIVISION

During 1969, your company's domestic sulphur division, Jefferson Lake Sulphur Company, underwent an organizational realignment, moving its headquarters to Occidental's Houston office where it now functions as a division of Oxychem.

Production of sulphur from the two mines at Long Point, Texas, and Lake Hermitage, Louisiana, and from the Tilden, Texas, gas recovery plant, totaled approximately 400,000 long tons in 1969, only about five per cent below 1968's record production. Jefferson Lake's share of the combined production from these three operations also declined some five per cent to 358,269 long tons. Net shipments of 310,400 long tons in 1969 were slightly below the 1968 levels.

Development well drilling for additional sulphur reserves in Texas

Sulphur Used by Oxychem

The relatively rapid decline in sulphur sales prices worldwide in 1969 was reflected in a substantial drop in the earnings recorded by the division. However, since about 70 per cent of this sulphur is used by Oxychem, the bulk of this is reflected as lower material cost to our fertilizer division.

The near-term future of sulphur prices is tending towards a lower average price level than was established in 1969. Nevertheless, compared with five years ago when we first entered the sulphur business, the industry is in a healthy state, and the efficiency of our operations has made it possible for us to reduce costs in this period of lower prices, both in the United States and in Canada. Over the longer range, your

company remains confident that prices will be restored to reasonable profit levels.

Strong Sulphur Demand Seen

The demand for sulphur will continue strong throughout the foreseeable future, with elemental sulphur expected to show an annual worldwide growth rate of 6.2 per cent. This would mean an increase of nearly 13 million tons over the next five years, requiring the development of additional reserves, a program to which your company remains firmly dedicated.

In Canada, Petrochem's net sales of sulphur sold during 1969 increased by approximately eleven per cent over 1968 sales to 221,500 long tons, while production remained at approximately the same level in each year. This increase in sulphur sales was more than offset by the continuing decline in sulphur prices during the year which, because of the transportation involved, affected Canadian producers most severely. However, being extracted as a by-product of natural gas, Canadian sulphur is among the lowest-cost sulphurs in the world to produce and, thus, is in a favorable position to meet competitive pressures in the world sulphur markets.

OXYTROL CORPORATION

During 1969, Occidental organized a new subsidiary, Oxytrol Corporation, to market its patented nitrogen-controlled atmosphere system for fruits and produce during shipment. In order to achieve a sales entry into the produce market, your company joined forces with Vahlsing, Inc., one of the oldest and most highly-respected companies in the fresh and frozen food products business, whose sales and transportation staffs became available to assist in developing markets for the Oxytrol system.

Oxytrol has embarked on a grass-roots selling program to the shippers and receivers of fresh fruits and vegetables throughout the United States, providing controlled atmosphere services in conjunction with the use of Oxytrol equipment by shippers. Along with its U.S. sales effort, Oxytrol is opening up new markets for the use of the system to Hawaii, Puerto Rico, Europe and the Far East.

MINERALS DIVISION

The year 1969 saw your company's minerals division, Occidental Minerals Corporation (Oxymin), engaged in active exploration and geological evaluation programs of mineral prospects in the United States and throughout the world.

During the year, an aggressive zinc exploration program was successfully carried on in central Tennessee and, by year-end, your company had secured leases on more than 40,000 acres and had nine drilling rigs at work. Drilling has started in four areas, two of which have already indicated the presence of high quality ore. Geophysical surveys and drilling continued at our Walker Indian Reservation prospect in Nevada. Several new induced polarization geophysical anomalies, delineated in 1969, will be drilled in 1970.

Oxymin exploring for zinc in central Tennessee

In the U.S. and Canada, numerous base metals, precious metals and uranium prospects were evaluated. At year-end, Oxymin had acquired substantial land positions in two new areas. A copper prospect in southern Arizona is being drilled and a property in Nevada, considered to have a very promising potential for gold, will be drilled in 1970.

Other Oxymin Activities

An exploration regional office has been established in Mexico. Two base metals properties and one base and precious metal prospect are being actively explored in that country.

Upper right, tank cars load sulphur at Long Point Dome. Lower right, rods showing formation history of individual wells aid engineers in planning new sulphur drilling locations


CHEMICALS
OCCIDENTAL

To expedite its growing reconnaissance and exploration effort in Australia and Southeast Asia, Oxymin opened a regional office in Sydney, Australia, and a field office at Manila in the Philippines. A 12,000-square-mile concession was obtained in southern Australia where exploratory drilling for potash and other minerals began in December and is continuing in 1970. A sub-office is being opened in Brussels, Belgium, to handle exploration in Western Europe and the Mediterranean Basin.

In 1969, your company's minerals division conducted exploration efforts in 37 countries outside of North America, and more than 150 prospects or mineral investment opportunities were evaluated. Land acquisitions took place in six of these prospects with plans for physical exploration now under review, and we expect that during the present year several of these prospects should result in the development of commercial projects.

GARRETT RESEARCH AND DEVELOPMENT

Your company's combined research staffs, including all subsidiaries and divisions, now total more than 700 people distributed among nine major research and development laboratories.

Aggressive new product development comes from each of these laboratories, while longer-range and broader projects are the responsibility of Hooker Chemical Company's central research laboratory at Grand Island, New York, and the corporate research division, Garrett Research and Development Company, Inc., at La Verne, California. The former group specializes in basic research and development studies, while Garrett Research does more of the engineering application and major new process development for the corporation.

Satisfactory Progress Reported

Each of the development projects mentioned in last year's annual report has progressed in a highly satisfactory manner during the year. Hooker's new process for electroplating metals-on-plastics is now commencing active commercial application by Udylite and continues to show great economic promise. Superphosphoric acid, developed by Garrett for Oxychem, is considered the premium material of its kind on the market.

Searles Lake Project

Development work is essentially completed for our project to recover valuable saline minerals from the company's Searles Lake, California, holdings. Engineering studies now under way are expected to lead to construction of a plant which could be in operation

Operations at Searles Lake by Garrett Research include monitoring chemical content of brine in solar evaporation ponds. Pilot plant at La Verne, California, produces boron, potassium and sodium utilizing raw materials harvested from ponds

some time next year. In this project, Garrett has developed a novel new method of selective extraction from the brines present under the surface of the lake by evaporation in solar ponds.

The process permits the production of any combination of the brine components at a comparatively low capital investment, which could make your company one of the lowest-cost producers of salt cake, borax, potash salts and other minerals. At the present time, this appears to be a highly attractive project and one which should fit very well with Hooker's chemical production and marketing capabilities.

Coal Research Moves Ahead

Coal research has also made excellent progress during the year, and the process to upgrade coal into oil, gas, coke and sulphur has now been completed in small pilot plant equipment. A larger pilot plant is being designed and will be operated during 1970. This process could highly increase the value and profitability of coal as well as help to solve some of the critical problems facing our country in the supply of oil, gas and sulphur-free fuel.

Anti-Pollution and Environmental Control

A relatively new innovation developed by Occidental's research is concerned with the disposal of slimes (discarded waste material) from the company's Florida phosphate operations. If this project proves commercial, it could increase Occidental's phosphate reserves by approximately 25 per cent, eliminating a costly disposal problem of the phosphate industry and showing a highly attractive rate of return.

A Garrett contract with the U.S. Bureau of Mines includes development of techniques and equipment for removal of coal dust from mine atmospheres. A solution to this problem could eliminate the occupational hazard of "black lung" for miners.

These projects are typical of the many currently in progress in the Occidental laboratories which deal with the problems of pollution, environmental control and waste disposal.

OCCIDENTAL PETROLEUM LAND AND DEVELOPMENT CORPORATION

Your company's real estate division closed out 1969 with considerably higher profits than the previous year and with optimistic forecasts for much greater improvement in 1970. This outlook is based primarily on the intensely-growing backlog of demand for residential housing, and we believe that the principal cause for this situation; namely, the difficulty of financing home purchases economically in the present money market, will see an improvement in the fairly near future.

The operations of our homebuilding, land development and real estate organizations, which were formerly carried on under the separate divisions of Deane Brothers, Inc., and Monarch Investment Company, have been consolidated into a single subsidiary, Occidental Petroleum Land and Development Corporation. This division will manage all real estate activities, including recreational land projects in California and other western states, as well as commercial, industrial, apartment and single family residence construction.

Lake Forest Development

The strong demand for land in the Lake Forest area of Orange County in Southern California has resulted in bulk sales of selected parcels totaling more than 250 acres to other builders and developers for specific uses at prices ranging from approximately $20,000 to more than $80,000 per acre. The new town of Lake Forest is developing rapidly with sales of new homes and other properties going ahead as projected.

In the latter half of 1969, our real estate development division began gearing up for dynamic growth during 1970 as the first step in a five-year expansion plan. Eight hundred acres of land were purchased for development in Orange County, and negotiations are well under way for additional purchases of land in northern and southern California. In addition to homebuilding, Occidental is engaged in the planning and development of communities along lines similar to Lake Forest in which we will sell commercial, industrial, multiple family and residential sites to other reputable builders for development.

In 1970, our present homebuilding projects will continue in our Westlake project on the Los Angeles-Ventura County line, Diamond Point in northeast Los Angeles County, Sierra Hills in northern Los Angeles County and Lake Forest. Continued expansion of sales of recreational land in ranch and desert properties is also expected.

Scenic Lake Forest planned community development in Orange County, California, offers attractive modern homes designed for enjoyable indoor-outdoor living

OCCIDENTAL-HOLIDAY INNS JOINT VENTURE

The first hotel constructed under the joint venture agreement between your company and Holiday Inns was formally opened for business in Marrakech, Morocco, during October, 1969. Other Holiday Inns are under construction in Morocco at Fez, Casablanca and Tangier and are expected to be opened during 1970 and early 1971. When all are completed, the four 300-room hotels will represent an investment of $20 million, largely financed by the Moroccan government.

The Monaco Holiday Inn is now under construction under another 50-50 Occidental-Holiday Inns joint venture, with completion anticipated in time for the winter season on the French Riviera. Ultimate plans envision a network of Holiday Inns from Spain through France, Italy, Yugoslavia, Greece, Turkey and Lebanon, and also in Tunisia, constructed under similar joint ventures between your company and Holiday Inns.

FINANCIAL REVIEW

Your company's financial growth continued in 1969 with earnings, total assets, operating cash flow and shareholders' equity increasing as follows:

	1969	1968	INCREASE Amount	Rate
		(Millions)		
Earnings	$ 175	$ 134	$ 41	30%
Total assets	2,213	1,788	425	24%
Operating cash flow	244	218	26	12%
Shareholders' equity	860	758	102	13%

Earnings and cash flow increases in 1969 were principally due to the fully-integrated operations of Hooker Chemical Corporation and Island Creek Coal Company, both acquired in 1968, and from the rapid development of the European and Libyan petroleum operations.

Domestic and International Financing

Cash flow in 1969 totaled a record $244 million, compared to $218 million in 1968, an increase of 12 per cent, with cash on hand at year-end of $278 million compared to $250 million at the end of the prior year. Working capital of $306 million at December 31, 1969, declined from $364 million a year earlier largely due to a record $339 million in capital expenditures for the year.

The ability of your company to finance its continued rapid growth was demonstrated both domestically and abroad. In the United States in 1969, revolving credit lines with banks were increased to $170 million from $130 million despite extremely tight bank credit, and the number of participating banks was expanded

First new hotel to open for business under Occidental-Holiday Inns joint venture agreement is this inviting 300-room complex (above and right) in Marrakech, Morocco

from 19 to 30. In addition, $50 million of revolving credits were converted to term loans during 1969. The company's domestic commercial paper lines were also increased from $100 million to $150 million late in the year.

Coal Transactions Financed

Two financial transactions in 1969, directly connected with acquisitions and expansion, are worthy of note. First, as a condition of the Maust Coal acquisition, the company negotiated a 20-year, $27.8 million, five per cent unsecured loan from major United States financial institutions. Secondly, as part of the overall arrangement with Nissho-Iwai Co., Ltd., for development of the new metallurgical coal mine in Virginia, your company arranged a 19-year, $25 million loan without interest until completion of the mine in May, 1974, then at 6½ per cent over the remaining 15 years of the agreement.

In Europe, the financial operations of the company

continued to expand with the addition in 1969 of long-term straight-debt financing through the issuance of $105 million of unsecured notes and bonds, an increase in short-term lines of credit of approximately $200 million, and completion of the $100 million financing arranged with Societe Financiere Europeenne and a group of banks headed by the Bank of America for construction of the gas liquids plant and pressure maintenance facilities in Libya.

In the past two years, your company has expanded its highly-centralized sophisticated money management system to Europe in order to make the most efficient use of the financial resources available to the company. As a result, significant relationships have been established with most of the principal European banks, interest expense has been minimized, and resources have been available for the company's large overseas investments.

Assets and Shareholders' Equity

The company's assets totaled $2.2 billion at the end of 1969, a 24 per cent increase over the prior year's total. With the rise in assets, shareholder equity in the company advanced to $860 million by year-end from $758 million after distributing over $71 million in cash dividends to shareholders. The value of these assets is based on cost only and does not reflect the actual worth of Occidental's extensive mineral reserves of oil, gas, coal, phosphates and sulphur, which are substantially greater than their book values.

Capital Expenditures

Throughout 1969, your company continued its impressive and promising expansion of capital facilities. Net capital expenditures in 1969 totaled $339 million, adding to the $243 million and $158 million expended in 1968 and 1967, respectively. As presently viewed, capital expansion during 1970 will be reduced as the major Libyan program is essentially completed and the thrust of capital investment shifts to other foreign and domestic programs.

PERSONNEL AND ORGANIZATIONAL CHANGES

During the past year, a number of changes in personnel and organizational structures took place throughout your company which, your management believes, will add to the profitability and efficiency of these operations.

Early in 1970, following the retirement of Ben C. Deane as a director and president of our homebuilding subsidiary, the real estate division was reorganized to combine the formerly separate organizations of land development and homebuilding.

To better meet the competitive conditions in these businesses, substantial personnel reductions have been made in the former Deane organization with the entire operation placed in charge of Lawrence E. Kagan, formerly head of Occidental's recreational land division, Monarch Investment Company. Homebuilding operations will be carried on at an accelerated pace while, at the same time, the development and sale of recreational land projects will receive increased attention.

Permian Moves to Houston

Our domestic crude oil marketing subsidiary, The Permian Corporation, has recently moved from Midland, Texas, to its administrative headquarters in the Occidental building in Houston. Concurrently with the move, Thomas D. Jenkins, formerly executive vice president of Permian, has been elected president, and W. D. Kleine has been advanced to executive vice president. Mr. Jenkins succeeds Walter R. Davis, who has resigned to conduct personal business. Mr. Davis will continue as a consultant to Permian under a long-term contract.

In recognition of the growing importance of Hooker Chemical Corporation in your company's operations, its president and chief executive officer, Thomas F. Willers, who also served as president of Occidental, has been elected to the office of vice chairman of the board of your company and will be located at the New York City headquarters.

William Bellano, who was formerly executive vice president for coal, has assumed the duties of president of Occidental Petroleum Corporation at the company's corporate headquarters in Los Angeles under your chairman, who continues as the company's chief executive officer. Stonie Barker, Jr., formerly vice president and assistant to the president of Island Creek Coal Company, was appointed president of the coal subsidiary, replacing Mr. Bellano.

International Subsidiary Organized

During 1969, Occidental International Corporation was organized to coordinate Occidental's operations outside the United States, with headquarters in Washington, D.C. The organization is headed by former U. S. Postmaster General, W. Marvin Watson, and Tim M. Babcock, a former governor of Montana, both of whom had distinguished business careers before entering public service.

We regret to inform you of the untimely death, in September, 1969, of Dr. Louis A. Rezzonico. Dr. Rezzonico had served for five years on the board of Occidental and was actively engaged in your company's affairs until the day of his death.

Changes to the corporate financial staff, headed by senior vice president–finance D. L. Commons, include the election of C. J. Lee, formerly vice president and controller, to the office of vice president and treasurer, and the appointment of J. L. Murdy as corporate controller. With the exception of the foregoing, your company's board of directors and executive staff continue essentially unchanged.

Increase in Number of Shareholders

At the close of 1969, the number of Occidental's common shareholders had risen to approximately 255,000, an increase of 62 per cent over the year before. Adding the approximately 46,000 preferred shareholders of all classes brings the total shareholders in the ever-growing Oxy family to more than 300,000. Included in this total are practically every officer and key employee and a large number of our salaried personnel, who became shareholders through their participation in the Occidental Thrift Plan.

During the year, more than 200 of the company's executives and supervisory employees made cash investments totaling nearly $5 million in your company, becoming shareholders or adding to their shareholdings through the exercise of stock options. This powerful incentive of employee ownership is reflected in every phase of Occidental's operations.

Listing of Shares on European Exchanges

In the past year, your company's shares have been listed for trading on the London, Amsterdam, Belgium and West German stock exchanges. This closer involvement with the European investment community has done much to enhance Occidental's financial image abroad.

Purchase of Treasury Shares

During the latter part of 1969, in view of the market price of your company's stock, your board of directors determined that it would be an advantageous utilization of corporate funds to make purchases of its own shares for treasury purposes. Your company has, from time to time, made such purchases in accordance with procedures prescribed by the Securities and Exchange Commission.

In our last annual report, your management outlined three channels along which the future growth of your company is planned — exploration and development of mineral reserves, origination of new processes and

products through research; and acquisitions, both domestic and foreign, in areas relating to our business.

Past Year's Achievements

It is extremely gratifying to reflect in this report your company's numerous achievements during the past year along each of these avenues — as examples: the discoveries and increases in production and reserves of petroleum and coal; the growing success of Occidental-developed superphosphoric acid, Oxytrol, platings-on-plastics, Rucaire and a host of other new products and applications developed by Hooker Chemical and Garrett Research, and the acquisition of Maust Coal and Coke and the several international acquisitions by Hooker.

Comparative Statistical Summary

The ten year statistical summary of consolidated operations on page 60 of this report is a dramatic tabulation of your company's growth since 1960. It presents a comparative summary of revenues and earnings as originally included in Occidental's published annual reports and as restated to reflect acquisitions which have been accounted for as poolings of interests.

Historically, during this ten year period, revenues rose from $2.5 million in 1960 to $2.1 billion in 1969 while, after recording the minor loss in 1960, the company's net income increased steadily from $948,000 in 1961 to the $174.8 million profit recorded in 1969. Also, during this period, the book value of Occidental's assets of $6.7 million at the close of 1960 multiplied 330 times to the record 2.2 billion in this year's balance sheet.

Figures Show Expansion

These figures are important only as they show Occidental's uninterrupted expansion from its original position as a domestic oil and gas producer in the early 1960's through the several acquisitions and mergers beginning in 1963. Of even greater significance are the comparisons after restatement for poolings, which means that the revenues and profits of the companies Occidental acquired during the ten-year period — Jefferson Lake Sulphur, Best Fertilizers and our other fertilizer acquisitions, Permian, McWood, Island Creek Coal and Hooker Chemical — are shown as though they had been a part of Occidental in 1960 and subsequent years. Deane Brothers, Inc., and our other homebuilding acquisitions are not consolidated and are included in net income only.

On this basis, consolidated revenues increased approximately 400 per cent, from $418 million in 1960 to the $2.1 billion of 1969, with earnings increasing more than nine-fold from $19.3 million in 1960 to the $174.8 million earned in the current year. These increases represent a steady internal growth in all areas of your company's business and from all the companies we have acquired, both before and after they became part of Occidental.

Your company has never been stronger than now. Its financial position is excellent, its plants and properties are modern and efficient, its mineral reserves constitute a most powerful bulwark against the inroads of inflation, and the aggressive search for new reserves goes on constantly; its products are not materially related to national defense; and, above all, Occidental has the outstanding management, in strength and in depth, to carry out the ambitious course along which it has come so far.

Appreciation Expressed

To Occidental's able executives and managers, and to the more than 27,000 loyal Occidental employees, we extend our thanks for a job well done last year. Your company is keenly aware that it is only through competent and dedicated employee-management teams that its investments in plants and equipment are turned into products and profits.

In conclusion, throughout 1970 and the years ahead, your company's management will strive to see that its twelve-year record of growth and achievement continues, bringing to our shareholders even greater returns in the form of increasing equities and dividends.

By order of the board of directors,

Armand Hammer
Chairman of the Board

March 23, 1970

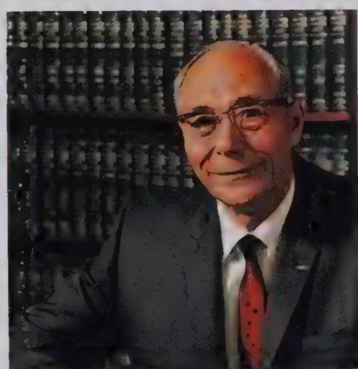
R. Wolcott Hooker

Dr. Armand Hammer

William Bellano

Eberhard P. Deutsch

Thomas F. Willers



E. C. Reid

Paul C. Hebner

Herman L. Vail

Charles K. Schwartz

A. P. Gates

James L. Hamilton

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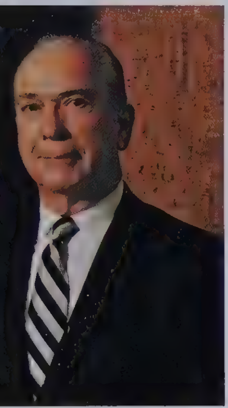

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Board of Directors

*Dr. Armand Hammer, *Chairman of the Board and Chief Executive Officer*

*William Bellano, *President and Chief Operating Officer*

Thomas F. Willers, *Vice Chairman of the Board; President and Chief Executive Officer, Hooker Chemical Corporation*

F. Leonard Bryant, *Chairman of the Board of Hooker Chemical Corporation*

Eberhard P. Deutsch, *Senior Partner of Deutsch, Kerrigan & Stiles, New Orleans*

Claude Geismar, *Executive Vice President; General Manager, Foreign Oil Refining and Marketing Division*

A. P. Gates, *Executive Vice President for Agricultural Chemicals and Fertilizers*

*Arthur Groman, *Senior Partner of Mitchell, Silberberg & Knupp, Los Angeles*

James L. Hamilton, *Retired, formerly Chairman of the Board of Island Creek Coal Company*

*Paul C. Hebner, *Vice President and Secretary*

R. Wolcott Hooker, *Retired, a Director of Hooker Chemical Corporation*

*Neil H. Jacoby, *Professor, former Dean, Graduate School of Business Administration, University of California at Los Angeles*

E. C. Reid, *Retired, formerly Senior Executive Vice President*

Charles K. Schwartz, *Retired, Senior Partner of Gottlieb & Schwartz, Chicago*

Herman L. Vail, *Senior Partner of Sayre, Vail & Steele, Cleveland*

**Members of the Executive Committee*

Officers

Dr. Armand Hammer, *Chairman of the Board and Chief Executive Officer*

William Bellano, *President and Chief Operating Officer*

Thomas F. Willers, *Vice Chairman of the Board; President and Chief Executive Officer, Hooker Chemical Corporation*

Dorman L. Commons, *Senior Vice President–Finance*

Claude Geismar, *Executive Vice President; General Manager, Foreign Oil Refining and Marketing Division*

A. P. Gates, *Executive Vice President for Agricultural Chemicals and Fertilizers*

Donald E. Garrett, *Executive Vice President for Research and Development*

E. F. Reid, *Executive Vice President, Oil and Gas Exploration and Production*

Charles C. Horace, *Vice President, Manager of Oil and Gas Production*

Robert A. Teitsworth, *Vice President, Manager of North American Oil and Gas Exploration*

Richard H. Vaughan, *Vice President, Manager of International Oil and Gas Exploration*

Ronald P. Klein, *Vice President and General Counsel*

Thomas Wachtell, *Vice President, Executive Assistant to the Chairman of the Board*

Paul C. Hebner, *Vice President and Secretary*

Charles J. Lee, *Vice President and Treasurer*

James L. Murdy, *Controller*

Executive Staff

W. Marvin Watson, *President, Occidental International Corporation*

Tim M. Babcock, *Executive Vice President, Occidental International Corporation*

Paul A. Bailly, *President, Occidental Minerals Corporation*

David B. Chalmers, *President, Jefferson Lake Petrochemicals of Canada Ltd.*

Marsden J. Dupuy, *President, Jefferson Lake Sulphur Company*

Lawrence E. Kagan, *President, Occidental Petroleum Land and Development Corporation*

Charles B. McCabe, *Administrative Assistant, New York*

Carl W. Blumay, *Director of Public Relations*

Financial Section

Consolidated Statements of Income For the years ended December 31, 1969 and 1968

	1969	1968
	(Amounts in Thousands)	
Revenues:		
Net sales and other revenues	$2,059,098	$1,806,792
Interest, dividends, etc.	28,568	8,403
	2,087,666	1,815,195
Costs and Other Deductions:		
Cost of sales	1,580,408	1,419,367
Selling, general and administrative and other operating expenses	127,180	125,565
Provision for domestic and foreign income taxes (Note 7)	165,534	109,497
Interest and debt expense	38,502	24,733
Minority interest in income of subsidiaries	1,207	1,895
	1,912,831	1,681,057
Net Income	$ 174,835	$ 134,138
Per Share (Note 6):		
Primary earnings	$3.00	$2.32
Fully diluted earnings	$2.57	$2.02

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity For the years ended December 31, 1969 and 1968

(Amounts in Thousands)

	Preferred Stocks (Note 5)	Common Shares (Note 5)	Capital Surplus	Retained Earnings
Balances, December 31, 1967	$7,490	$ 8,821	$360,121	$236,970
Net income	—	—	—	134,138
Issuance of shares—				
In partial consideration for purchase of companies	500	—	49,500	—
Exercise of employee stock options and stock warrants	86	89	9,915	—
Conversions of preferred stocks	(939)	548	385	—
Dividends—				
Cash on common shares	—	—	—	(23,033)
Cash on preferred stocks	—	—	—	(15,145)
Common shares	—	176	27,345	(27,757)
Cash on common and preferred stock by pooled companies prior to pooling	—	—	—	(10,393)
Other, net	(30)	(15)	(1,413)	492
Balances, December 31, 1968	7,107	9,619	445,853	295,272
Net income	—	—	—	174,835
Issuance of shares—				
Exercise of employee stock options and stock warrants	20	38	4,801	—
Conversions of preferred stocks	(990)	597	367	—
Dividends—				
Cash on common shares	—	—	—	(48,185)
Cash on preferred stocks	—	—	—	(23,351)
Common shares	—	97	21,934	(22,257)
Cost of common shares reacquired	—	—	—	(5,508)
Other, net	—	—	(402)	—
Balances, December 31, 1969 (Note 3)	$6,137	$10,351	$472,553	$370,806

Consolidated Balance Sheets December 31, 1969 and 1968

Assets

(Amounts in Thousands)

	1969	1968
Current Assets:		
Cash	$ 277,631	$ 249,773
Marketable securities, at cost which approximates market	10,657	8,727
Receivables, net of reserves	348,045	317,531
Inventories, substantially at lower of cost (average or first in, first out) or market	152,195	128,673
Prepaid expenses	15,789	11,471
Total current assets	804,317	716,175
Long-Term Notes Receivable, net of reserve	30,475	24,579
Investments In and Advances To Unconsolidated Subsidiaries and Affiliated Companies (Note 1)	101,877	86,307
Property, Plant and Equipment, at cost (Notes 2 and 3), net of accumulated depreciation, depletion and amortization of $449,225 and $359,594 in 1969 and 1968	1,153,444	876,696
Other Assets, less amortization	123,393	84,488
	$2,213,506	$1,788,245

The accompanying notes are an integral part of these balance sheets.

Liabilities

(Amounts in Thousands)	1969	1968
Current Liabilities:		
Notes and debt due within one year	$ 104,936	$ 53,810
Accounts payable and accrued liabilities	246,172	188,737
Cash dividends payable	12,917	9,543
Domestic and foreign income taxes (Note 7)	133,800	99,853
Total current liabilities	497,825	351,943
Long-Term Debt (Note 3)	718,170	552,798
Deferred Credits:		
Revenue on sale of future production	60,345	63,576
Deferred domestic and foreign income taxes (Note 7)	31,177	32,465
Other	30,566	14,792
	122,088	110,833
Contingent Liabilities (Note 4)		
Minority Equity in Subsidiaries	15,576	14,820
Shareholders' Equity (Notes 3 and 5):		
Preferred stocks (aggregate preference on involuntary liquidation, $584,865)	6,137	7,107
Common shares	10,351	9,619
Capital surplus	472,553	445,853
Retained earnings	370,806	295,272
	859,847	757,851
	$2,213,506	$1,788,245

Consolidated Statements of Funds

For the years ended December 31, 1969 and 1968

(Amounts in Thousands)

	1969	1968
Source of Funds:		
Net income	$174,835	$134,138
Add—		
Depreciation, depletion and amortization	86,097	62,804
Earnings of unconsolidated subsidiaries, minority interest and other noncash items, net	(16,664)	21,068
	244,268	218,010
Proceeds from—		
Stock option exercises, etc.	4,859	11,067
Long-term borrowings	248,406	278,359
Sale of future production	42,000	39,500
	539,533	546,936
Use of Funds:		
Additions to property, plant and equipment, net	339,217	242,820
Payment of cash dividends	71,536	48,571
Purchase of businesses, net of $24,562 debt in 1969 and $50,000 preferred stock and $40,000 debt in 1968	1,665	27,447
Payments on long-term borrowings	83,034	43,447
Liquidation of production payments	45,231	28,108
Investments, advances, etc.	16,141	24,156
Additions to other assets	29,063	22,489
Other, net	11,386	8,640
	597,273	445,678
INCREASE (DECREASE) IN WORKING CAPITAL	$ (57,740)	$101,258

The accompanying notes are an integral part of these statements.

Report of Independent Public Accountants

To the Shareholders and Board of Directors,
Occidental Petroleum Corporation:

We have examined the consolidated balance sheets of OCCIDENTAL PETROLEUM CORPORATION (a California corporation) and subsidiaries as of December 31, 1969 and 1968, and the related consolidated statements of income, shareholders' equity and funds for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Occidental Petroleum Corporation and subsidiaries as of December 31, 1969 and 1968, and the results of their operations and the source and disposition of funds for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

ARTHUR ANDERSEN & CO.

Los Angeles, California,
February 12, 1970.

Notes to Consolidated Financial Statements December 31, 1969

1. Principles of consolidation and acquisitions The consolidated financial statements include the accounts of Occidental Petroleum Corporation and its significant subsidiaries. Certain insignificant subsidiaries have not been consolidated since their operations are not similar to those of Occidental and its consolidated subsidiaries. All material intercompany accounts and transactions have been eliminated.

At December 31, 1969, investments in unconsolidated majority-owned subsidiaries are stated at amounts equivalent to the equity in net assets of those companies, except that certain investments in and advances to foreign subsidiaries and affiliates are stated at the lower of cost or underlying book value. The equity in net income of unconsolidated subsidiaries, which is not significant, is included in interest, dividends, etc., in the accompanying consolidated statements of income.

Foreign assets and liabilities have been translated to U.S. dollars at year-end exchange rates, except that property and long-term debt have been translated at approximate rates prevailing when acquired or incurred. Income and expense items have been translated at average rates of exchange prevailing during the year, except depreciation which has been calculated at the approximate rates prevailing when the properties were acquired.

In August, 1969, a subsidiary purchased the operating assets of Maust Coal and Coke Corp. for cash and assumption of liabilities totaling approximately $29,166,000. The acquisition of Maust was accounted for as a purchase.

2. Property, plant and equipment, at cost

	December 31	
	1969	1968
	(Amounts in Thousands)	
Oil and gas operations—		
North America	$ 208,082	$ 173,879
Europe and North Africa	526,688	324,375
Industrial chemical, metal treating and plastics operations	393,116	377,292
Coal operations	323,073	214,784
Phosphate, sulphur, manufacturing and other operations	151,710	145,960
	1,602,669	1,236,290
Less—Accumulated depreciation, depletion and amortization	449,225	359,594
	$1,153,444	$ 876,696

All costs of exploring for and developing oil and gas reserves are capitalized and charged to operations over the life of estimated future production. Libyan operations and North American operations are accounted for separately under this practice.

Depreciation of plant and equipment has been provided using the straight-line and declining-balance methods based on useful lives.

3. Long-term debt, net of current maturities of $63,329,000

	Interest Rate	Dec. 31, 1969
		(Amounts in Thousands)
Revolving credit notes due 1971-1976	8½%	$120,900
Eurobonds due in installments 1972-1974	6½-8¼%	12,098
Eurobonds due in installments 1975-1984	6½-8¼%	96,208
Promissory notes due in installments 1971-1975	5½-7¾%	90,465
Promissory notes payable to banks due in installments 1971-1975	5½-9%	85,303
Notes payable to insurance companies due in installments 1971-1980	5½-6¾%	38,500
Notes payable to insurance companies due in installments 1981-1985	5½-6¾%	34,650
Eurodollar revolving credit due 1971-1974	7½-11⅜%	37,600
Unsecured notes due 1971-1989; annual installments of $2,200,000	3⅝-4⅝%	37,400
Unsecured installment notes due 1972-1989	5%	27,800
Notes payable to insurance companies due in semiannual installments 1971-1986, secured by mortgages on the Florida chemical complex	5⅞%	23,328
Sinking fund debentures due 1973-1991; annual installments of $1,000,000	4⅞%	22,968
Promissory notes due in two equal annual installments in 1971-1972	6½%	20,000
Notes payable to insurance companies due 1977-1989	7-7¾%	18,000
Other	Various	52,950
		$718,170

Certain of the above notes represent borrowings under agreements which contain covenants relating to maintenance of financial ratios, borrowings, declaration of cash dividends, etc. At December 31, 1969, retained earnings of approximately $220 million were restricted as to payment of cash dividends under the most restrictive of these covenants. The interest rate on certain revolving credit notes is dependent on prime interest rates which may be adjusted from time to time.

4. Contingent liabilities In 1967, an investment banker filed suit claiming a 25 per cent working interest in Occidental's oil concessions in Libya or a judgment in the amount of $100 million. The plaintiffs allege that they were offered an opportunity to acquire oil concessions in Libya by a third party, and that they submitted this to Occidental on the understanding they would participate as a 25 per cent joint venturer with Occidental in any oil concessions turned up by said third party. The plaintiffs further claim that the third party turned up and assisted Occidental in acquiring the two Libyan oil concessions awarded to Occidental. Occidental has been advised by special legal counsel that, in their opinion, based upon the information known to them, Occidental has a meritorious defense to the claim and should prevail. There are various other lawsuits pend-

ing against Occidental and its subsidiaries, some of which involve substantial amounts. While at this time it is impossible to determine the ultimate liabilities which may arise from such litigation, in the opinion of Occidental's legal counsel such lawsuits are not likely to result in losses the aggregate amount of which would have a material adverse effect upon the consolidated financial position of Occidental and its subsidiaries or result in a substantial impairment of their operations.

Occidental and its subsidiaries have certain other contingent liabilities as guarantors of debt and contracts and as joint venturers. Officials of the company are of the opinion that such contingent liabilities will not result in any significant financial liability in relation to the net assets of the company and its subsidiaries.

5. Capital stock and stock options The preferred stocks are entitled to voting rights and cumulative annual dividends. The $4.00 preferred stock is redeemable at $125 per share after January 31, 1973, and at declining amounts thereafter. The $3.60 preferred stock is redeemable at $100 per share after July 24, 1973. The $2.16 preferred stock is redeemable at $47.50 per share after July 24, 1973.

Options to purchase common shares of Occidental have been granted to officers and employees under stock option plans adopted in 1961 and 1966. At December 31, 1969, 1,877,334 common shares were reserved for issuance under outstanding options at prices from $7.14 to $52.97 per share, and 1,051,429 common shares were reserved for the granting of additional options. During 1969, options to purchase 452,225 common shares were granted; options to purchase 192,686 shares were exercised; options for 616,908 shares became exercisable; options to purchase 73,083 shares were cancelled, and options to purchase 16,679 shares were added to options outstanding to give effect to a one per cent stock dividend. No amounts have been reflected in the income accounts of Occidental or its subsidiaries with respect to stock options.

In connection with acquisitions, Occidental has assumed stock option plans. At December 31, 1969, options assumed in these acquisitions were outstanding as follows:

7,631 shares of $4.00 preferred stock at prices ranging from $46.00 to $96.36 per share;

51,000 shares of $3.60 preferred stock at prices ranging from $71.50 to $133.50 per share.

Following is a description of capital stock at December 31, 1969, and a summary of activity for the year then ended:

	Shares			
		Convertible Preferred		
	Common	$4.00	$3.60	$2.16
Par value	$.20	$1.00	$1.00	$1.00
Conversion rate	—	2.94377	3.03030	1.51515
Authorized	100,000,000	←	15,000,000	→
	(Shares in Thousands)			
Balances, December 31, 1968	48,094	1,846	4,712	549
Exercise of employee stock options	193	5	12	3
Conversions of Preferred Stocks	2,985	(79)	(908)	(3)
Common share dividend	484	—	—	—
Balances, December 31, 1969	51,756*	1,772	3,816	549

*Includes 257,697 shares held in treasury.

The company has reserved approximately 17,611,000 common shares for conversion of the preferred stocks. Both the $4.00 and $3.60 convertible preferred stocks have rights in liquidation equivalent to $100 per share. The $2.16 convertible preferred stock has liquidation rights of $47.50 per share. Aggregate rights in liquidation for all preferred stocks total $584,865,000.

6. Earnings per share Primary earnings per share are based upon earnings applicable to average common shares outstanding for the year. Fully-diluted earnings per share give effect to the reduction in earnings per share which would result from the conversion of all preferred stocks and exercise of stock options. In computing the per share effect of assumed conversions (a) dividends on preferred stocks have been added to earnings applicable to common shares, (b) it has been assumed that for 1968 funds obtainable from exercise of stock options were invested for interest income, and for 1969 such funds were used for purchase of treasury stocks (these methods produce comparable results), and (c) the related additional issuable common shares have been added to average outstanding common shares. The computation for 1968 has been revised to include the effect of the one per cent common share dividend issued in 1969. Previously reported primary and fully diluted earnings for 1968 were reduced by two cents per share. The effect of these assumptions upon the computation of earnings per share data in the accompanying statements of income is shown below:

	1969		1968	
	Shares	Net Income	Shares	Net Income
	(Shares and Amounts in Thousands)			
Net income		$174,835		$134,138
Dividend requirements of Preferred Stocks		23,351		27,092
Earnings applicable to Common Shares		$151,484		$107,046
Average outstanding Common Shares	50,448		46,197	
Primary earnings per share		$3.00		$2.32
Effect of assumed conversions of securities not considered Common Share equivalents—				
Preferred Stocks	17,611	23,351	20,544	27,092
Stock options	36	—	1,675	3,997
Total for computation of fully diluted earnings per share	68,095	$174,835	68,416	$138,135
Fully diluted earnings per share		$2.57		$2.02

7. Domestic and foreign income taxes Occidental follows the practice of filing consolidated U.S. Federal tax returns including its 80 per cent or more owned domestic subsidiaries. As a result of the deduction of certain items for tax purposes, which are capitalized for financial statement purposes, and as a result of the utilization of foreign tax credits, no Federal taxes have been paid or provided for Occidental on operating income for 1969. Substantially all of the 1969 provision for domestic and foreign income taxes relates to Occidental's Libyan operations.

8. Retirement income plans The company and its subsidiaries have several pension plans covering substantially all of their employees. The total expense of the plans for 1969 was approximately $4,300,000, which for certain plans includes amortization of prior service costs. The company's policy is to fund pension costs accrued. At December 31, 1969, the actuarially computed value of vested benefits for all plans was substantially fully funded.

Ten Year Statistical Summary of Consolidated Operations *Amounts in Thousands*

Figures in color are historical results as originally reported
Black figures are restated to reflect subsequent poolings of interests

	1969	1968
Oil and gas sales and revenues, including transportation	$1,241,263	$1,081,36
Industrial chemical, metal treating and plastic sales	435,072	394,65
Sulphur and agricultural chemicals sales	190,250	176,81
Coal sales	192,513	153,96
Net sales and other revenues		
Reflecting poolings of interests	$2,059,098	$1,806,79
As originally reported	$2,059,098	$1,806,79
Income before extraordinary items	$ 174,835	$ 134,13
Extraordinary items	—	—
Net income		
Reflecting poolings of interests	$ 174,835	$ 134,13
As originally reported	$ 174,835	$ 134,13
Primary earnings per share(1)		
Before extraordinary items	$ 3.00	$ 2.3
Extraordinary items	—	—
Total		
Reflecting poolings of interests	$ 3.00	$ 2.3
As originally reported(2)	$ 3.00	$ 2.3
Fully diluted earnings	$ 2.57	$ 2.0
Total assets as originally reported	$2,213,506	$1,788,24

(1) Based on average number of shares outstanding after giving effect to (a) stock dividends issued through 1969, and (b) the issuance of common shares in connection with poolings of interests.
(2) Adjusted for stock dividends and 3-for-1 stock split.

1967	1966	1965	1964	1963	1962	1961	1960
513,705	$ 506,830	$ 466,970	$ 426,448	$ 342,430	$ 289,596	$ 202,663	$ 114,938
348,727	360,318	306,008	271,358	243,485	235,368	201,026	195,243
171,428	159,547	144,354	142,277	30,321	29,495	24,643	21,636
139,424	135,627	109,890	112,112	93,604	80,884	79,778	86,545
1,173,284	$1,162,322	$1,027,222	$ 952,195	$ 709,840	$ 635,343	$ 508,110	$ 418,362
825,740	$ 658,544	$ 81,105	$ 44,984	$ 32,724	$ 12,307	$ 5,044	$ 2,509
55,396	$ 53,878	$ 46,921	$ 39,374	$ 29,718	$ 25,711	$ 22,793	$ 19,166
12,861	5,685	4,125	4,255	6,148	7,383	969	110
68,257	$ 59,563	$ 51,046	$ 43,629	$ 35,866	$ 33,094	$ 23,762	$ 19,276
45,548	$ 22,730	$ 14,736	$ 9,381	$ 6,656	$ 6,038	$ 948	$ (127)
.71	$ .78	$ .62	$ .44	$ .16	$ .05	—	—
.32	.16	.12	.14	.20	.25	—	—
1.03	$ .94	$ .74	$ .58	$ .36	$ .30	—	—
.98	$ .66	$ .63	$ .43	$ .34	$ .38	$ .06	—
—	—	—	—	—	—	—	—
779,132	$ 445,270	$ 204,705	$ 113,462	$ 50,484	$ 19,767	$ 14,607	$ 6,717

Subsidiaries, Divisions and Affiliates

OIL AND GAS EXPLORATION AND PRODUCTION DIVISION

Division Headquarters
5000 Stockdale Highway
Bakersfield, California 93309

Regional Offices: Denver, Colorado; Houston, Texas; Midland, Texas; Lafayette, Louisiana

Occidental of Ghana, Inc.
P. O. Box 581
Accra, Ghana

Occidental of Honduras, Inc.
Barrio el Olvido 112
Tegucigalpa, Honduras

Occidental of Jamaica, Inc.
27 Tobago Avenue
Kingston 10, Jamaica

Occidental of Libya, Inc. (Oxylibya)
Mitchell Cotts House, P.O. Box 2134
Tripoli, Libyan Arab Republic

Occidental of Nicaragua, Inc.
La Calle S. O. No. 108
Entre Avenidas Roosevelt 7 Bolivar
Managua, Nicaragua

Occidental Petroleum of Nigeria
Wesley House, 21-22 Marina
P.O. Box 3992
Lagos, Nigeria

Occidental del Peru, Inc.
Casilla 6046
Lima, Peru

Occidental of Trinidad, Inc.
78 Independence Square
Port of Spain, Trinidad
West Indies

Occidental de Venezuela, Inc.
Apartado Postal 60784
Caracas, Venezuela

DOMESTIC CRUDE OIL MARKETING DIVISION

The Permian Corporation
4671 Southwest Freeway
Houston, Texas 77027

Regional Offices: Midland, Texas; Denver, Colorado

FOREIGN OIL REFINING AND MARKETING DIVISION

Concord Petroleum Corporation
P.O. Box 1736
Hamilton, Bermuda

Courtage Occidental
113 bis, Avenue de Neuilly
92 Neuilly-sur-Seine, France

Mawag Raffinerien A.G.
Gartenstrasse 36
8039 Zurich, Switzerland

Occidental Crude Sales, Inc.
10889 Wilshire Boulevard
Los Angeles, California 90024

Occidental de Espana, S.A.
Plaza de Aunos No. 8
Madrid, Spain

Occidental Nederland N.V.
Treubstraat 19
Rijswijk (Z.H.), Netherlands

Occidental Oel Deutschland GmbH
Berliner Allee 69
4 Dusseldorf, Germany

Raffinerie Belge de Petroles S.A. (RBP)
Frankrijklei 67-69
2000 Antwerp, Belgium

VIP Belgium, S. A.
120 rue de la Loi
Brussels 4, Belgium

VIP Petroleum Ltd.
P.O. Box 1, Ashton Lane
Sale, Cheshire, England

AGRICULTURAL CHEMICALS AND FERTILIZERS DIVISION

Occidental Chemical Company (Oxychem)
4671 Southwest Freeway
Houston, Texas 77027

Regional Headquarters: Lathrop, California; Houston, Texas;Sioux Falls, South Dakota; Springfield, Ohio; Jacksonville, Florida

Feed Products Division
79 Progress Parkway
Maryland Heights, Missouri 63042

Suwannee River Phosphate Division
P.O. Box 300
White Springs, Florida 32096

Jacksonville Bulk Terminals, Inc.
1301 Wigmore Street
Jacksonville, Florida 32206

Occidental Corporation of Saudi Arabia
P.O. Box 572
Dammam, Saudi Arabia

International Ore & Fertilizer Corporation (Interore)
380 Madison Avenue
New York, New York 10017

Regional Interore Offices: London, Paris, Dusseldorf, Madrid, Bombay, Secunderabad, Madras, Rome, Istanbul, Johannesburg,, New Delhi, Calcutta, Karachi, Dacca, Lahore, Sydney, Singapore, Hong Kong, Tokyo, Seoul, Taipei, Manila, Honolulu, Sao Paulo, Montevideo, Santiago, Caracas, Mexico City, Vancouver

GARRETT RESEARCH AND DEVELOPMENT DIVISION

Garrett Research and Development Company, Inc.
1855 Carrion Road
La Verne, California 91750

HOMEBUILDING AND LAND DIVISION

Occidental Petroleum Land and Development Corporation
4201 Birch Street
Newport Beach, California 92660

HOOKER CHEMICAL DIVISION

Hooker Chemical Corporation
277 Park Avenue
New York, New York 10017

Industrial Chemicals Division, Niagara Falls, New York; Durez Division, North Tonawanda, New York; Ruco Division, Hicksville, Long Island, New York; Parker Division, Detroit, Michigan; International Division, New York, New York

The Udylite Corporation
21441 Hoover Road
Warren, Michigan 48089

Sel-Rex Corporation
75 River Road
Nutley, New Jersey 07110

The Meaker Company
113 East Centre Street
Nutley, New Jersey 07110

Efco Limited
Sheerwater, Woking
Surrey, England

Sel-Rex (U. K.) Limited
Holyhead Road
Chirk, Wrexham
Denbighshire, Wales

Hooker Chemical (Australia) Pty. Limited
Blaxland Street
Lidcombe 2141
New South Wales, Australia

Hooker Chemical (N. Z.) Limited
103 Newton Road
Auckland 1, New Zealand

Hooker Parker (Canada) Limited
165 Rexdale Boulevard
Rexdale, Ontario, Canada

Hooker Chemicals Limited
100 Amherst Street
North Vancouver, British Columbia, Canada

Duranor S. A. I. C.
Sarmiento 669-6 Piso
Buenos Aires, Argentina

Industrias Quimicas Ingalco S. A. I. C. F.
William C. Morris 451/89, Villa Marteili
Buenos Aires, Argentina

Udylite do Brazil S. A. Industria e Comercio
Av. Ipiranga 1097
Sao Paulo, Brazil

Hooker Mexicana, S. A. de C. V.
Apartado Postal M-7529
Mexico 1, D. F.

Puerto Rico Chemical Co., Inc.
Apartado Postal 157
Arecibo, Puerto Rico 00613

Sumitomo Durez Co., Ltd.*
2, 1 Chome, Uchisaiwai-Cho
Chiyoda-Ku
Tokyo, Japan

N. V. Hooker Chemical S. A.
1 Square de Meeus
Brussels 4, Belgium

Hooker Metal Finishing International, S. A.
65 avenue de l'Etang, 1211 Chatelaine
Geneva, Switzerland

Prochimie, S. A.
1580 Avenches
Geneva, Switzerland

Instituto Electroquimico, S. A.
Corega 58
Barcelona, Spain

ISLAND CREEK COAL DIVISION

Island Creek Coal Company
1501 Euclid Avenue
Cleveland, Ohio 44115

Operating Divisions: Holden, West Virginia; Keen Mountain, Virginia; Madisonville, Kentucky; Tire Hill, Pennsylvania

JEFFERSON LAKE SULPHUR DIVISION

Jefferson Lake Sulphur Company
4671 Southwest Freeway
Houston, Texas 77027

Jefferson Lake Petrochemicals of Canada Ltd. (Petrochem)
1000 Calgary House
550 Sixth Avenue S. W.
Calgary 1, Alberta, Canada

MINERALS DIVISION

Occidental Minerals Corporation (Oxymin)
6073 West 44th Avenue
Wheat Ridge, Colorado 80033

Occidental Minerals Corporation of Australia
Tower Building, Suite 2209, Australia Square
Sydney, New South Wales 2000, Australia

Minera Azteca, S. A. de C. V.*
Rio Marne 17, Piso 2
Mexico 5, D. F.

Occidental Minerals (Philippines), Inc.
Manila Banking Building, P.O. Box 1067
Makati, Rizal D 708, Philippines

OXYTROL CORPORATION

895 Mitten Road
Burlingame, California 94010

INTERNATIONAL DIVISION

Occidental Overseas Capital Corporation
277 Park Avenue
New York, New York 10017

Occidental International Corporation
1717 Pennsylvania Avenue N.W.
Washington, D. C. 20006

REGISTRARS

Bank of America
National Trust & Savings Association
Los Angeles, California

First National City Bank
(Common and $4.00 Convertible Preferred Stocks only)
New York, New York

Chemical Bank New York Trust Company
($3.60 and $2.16 Convertible Preferred Stocks only)
New York, New York

Montreal Trust Company
(Common Stock only)
Toronto, Ontario, Canada

TRANSFER AGENTS

Security Pacific National Bank
Los Angeles, California

The Chase Manhattan Bank
National Association
New York, New York

Canada Permanent Trust Company
(Common Stock only)
Toronto, Ontario, Canada

AUDITORS

Arthur Andersen & Co.
Los Angeles, California

STOCK EXCHANGE LISTINGS

Common Stock

New York Stock Exchange
Pacific Coast Stock Exchange
Amsterdam Stock Exchange
Antwerp Stock Exchange
Brussels Stock Exchange
Dusseldorf Stock Exchange
Frankfurt Stock Exchange
Hamburg Stock Exchange
The Stock Exchange, London
Toronto Stock Exchange

Convertible Preferred Stock

New York Stock Exchange

EXECUTIVE OFFICES

The Kirkeby Center
10889 Wilshire Boulevard
Los Angeles, California 90024

*Minority Interest

Oxy, Hooker, Sel-Rex, Udylite, Durez, Interore, Oxytrol, C-56, Dechlorane, Hetrofoam, Hetron, Karatclad, Pollyphos, Roxel, Vip, Zipp and Z-Brite are trademarks of Occidental Petroleum Corporation or one of its subsidiaries, registered in the United States or other countries throughout the world. Oxychem, Rucaire, Udyco and Varimatic are other trademarks of Occidental and its subsidiaries.

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